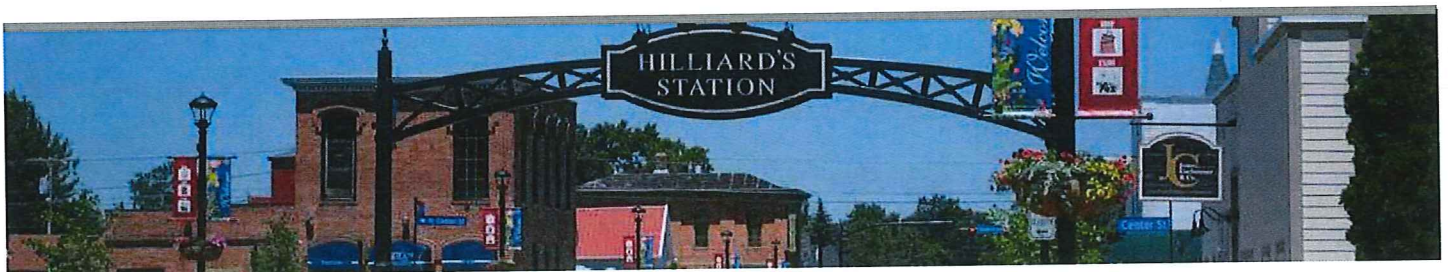




City of Hilliard



CITY OF HILLIARD, OHIO COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDING DECEMBER 31, 2015



CITY OF HILLIARD, OHIO

FRANKLIN COUNTY

Comprehensive Annual Financial Report

For the Year Ended December 31, 2015

Prepared by:
Department of Finance

David D. Delande
Director

Greg A. Tantari
Deputy Director

THE UNIVERSITY OF CHICAGO

CHICAGO, ILLINOIS

OFFICE OF THE DEAN OF STUDENTS

1100 EAST 58TH STREET, CHICAGO, ILL. 60637

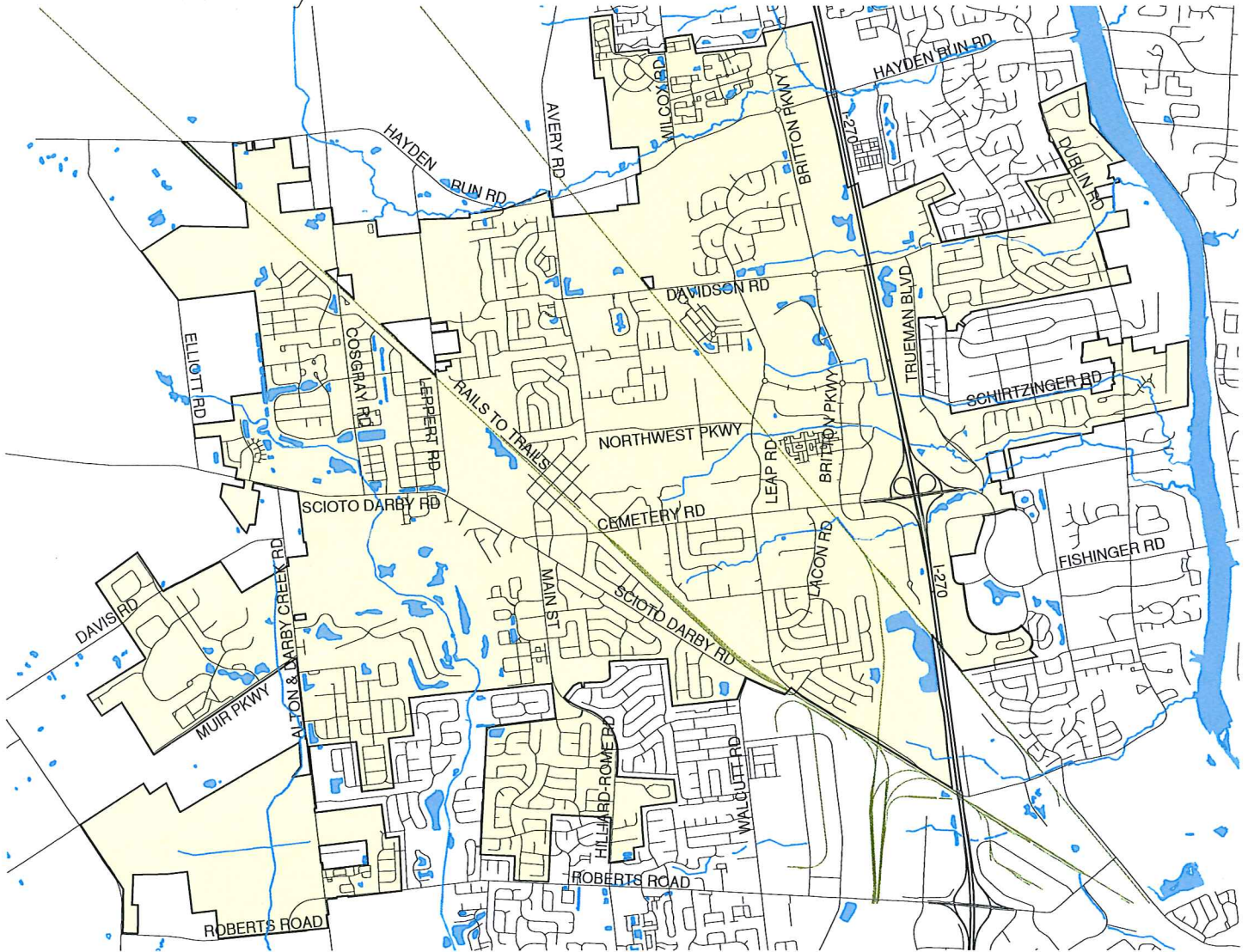
Dear Mr. [Name]:

I am writing to you regarding your application for admission to the University of Chicago.

Your application has been received and is currently under review.

COMPREHENSIVE ANNUAL FINANCIAL
REPORT OF THE
CITY OF HILLIARD, OHIO
FOR THE YEAR ENDED DECEMBER 31, 2015

Introductory Section



ISSUED BY: DEPARTMENT OF FINANCE
David D. Delande, DIRECTOR
3800 MUNICIPAL WAY – HILLIARD, OHIO
43026

CITY OF HILLIARD, OHIO
Comprehensive Annual Financial Report
For The Year Ended December 31, 2015
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Finance
Department

Real People. Real Possibilities.

DON SCHONHARDT, MAYOR

June 2, 2016

To The Council and The Citizens of the City of Hilliard, Ohio

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the City of Hilliard (the City) for the year ended December 31, 2015. This CAFR is prepared in accordance with generally accepted accounting principles (GAAP) and in conformance with standards of financial reporting established by the Governmental Accounting Standards Board (GASB) using guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA).

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Clark, Schaefer, Hackett & Co. has issued an unmodified ("clean") opinion on the City's financial statements for the year ended December 31, 2015. The Independent Auditors' Report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the Independent Auditors' Report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the Government

The City lies in the western half of Franklin County in portions of Norwich, Washington and Brown Townships and is located approximately ten miles northwest of downtown Columbus, the capital of the State of Ohio. The City encompasses an area of approximately 13 square miles. Rail service is provided by CSX and private air service is available five miles to the north and south by Don Scott Field and Bolton Field, respectively. The City is 20 miles from Port Columbus International Airport and has direct access to interstate highways I-70 and I-270 via three major interchanges. The City is situated 833 feet above sea level and experiences mean temperatures of 72 degrees during the summer and 30 degrees during the winter.

The Hilliard area was settled in the early 1800's and was incorporated as a village in 1869. The Village of Hilliard remained primarily agricultural in character until the 1950's when residential growth boomed. By December 12, 1960 the population had reached 5,000 and the Village of Hilliard became a City. The Mid-Ohio Regional Planning Commission estimates the population for the City to be 28,952 for 2015.

The City is serviced by the Hilliard City School District, which is an independent political subdivision not under the control or supervision of the City in any respect. The geographic boundaries of the School District are much larger than the City, encompassing some 60 square miles, and portions of several other municipalities (including the City of Columbus) as well as unincorporated areas of Franklin County. The School District estimates that 38.8 percent of its students reside in the City.

The City operates under a Charter first adopted by the voters in 1963 and most recently changed by voter approval November 3, 2009 effective January 1, 2010. The most notable changes eliminated term limits and provided for Council to utilize Executive Session to discuss employment issues, real estate purchases, pending court action, and employee contract negotiations. The laws of the State of Ohio prevail when conflicts exist between Charter and State Constitution and in matters where the Charter is silent. The Charter provides for a Mayor-Council form of government. The legislative body of the City consists of a seven-member Council, all elected at-large for four year overlapping terms. The Mayor is elected for a four-year term and serves as the Chief Executive Officer of the City. The Council fixes compensation levels of City officials and employees and enacts ordinances and resolutions relating to City services, tax levies, appropriations, indebtedness, licensing of regulated business and trades and other municipal purposes.

The Mayor serves full-time and appoints the following directors: Safety, Economic Development, Public Service, Human Resources, Parks and Recreation and Public Lands and Buildings who serve as department heads and report directly to the Mayor. The Director of Finance and the Director of Law are appointed by the Mayor with the advice and consent of the Council and serve both the Mayor and Council. The Director of Finance is the Chief Fiscal and Accounting Officer of the City. The responsibilities of this office include preparation and management of the capital and operating budgets and debt and treasury programs of the City.

The reporting entity is comprised of the primary government. The primary government consists of all the funds and departments which provide various services including police, recreation and parks, engineering, water services, sewer services, street maintenance and repair, zoning, municipal court, income tax collection and support services (i.e. payroll processing and accounts payable). The Mayor has direct responsibility for these activities.

Component units are organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organizations resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units may also

include organizations for which the City approves their budget, the issuance of their debt or the levying of their taxes. Currently, the City does not have any component units.

The City's charter requires the Mayor to submit to Council on or before November 15th of each year a budget for the following year. Council sets the date and place of a public hearing on the budget and gives notice of the meeting time and place in a newspaper of general circulation at least five days prior to the hearing date. The budget is on file with the City Clerk and available for inspection prior to the hearing date. Council adopts the budget either as submitted or amended after the public hearing but no later than January 31. This budget serves as the appropriation ordinance and is filed with the Franklin County Auditor's office.

This annual budget serves as the foundation for the City of Hilliard's financial planning and control. The 2015 budget was prepared by fund and department and object level. Department heads may transfer resources within the object as they see fit. The budget was approved by Council as required by the City's Charter.

Local Economy and Long-term Financial Planning

The City is included in the Columbus Metropolitan Statistical Area (MSA) which is ranked 32nd in the nation by population. This MSA had an annual average unemployment rate at the end of 2015 of 3.4 percent while the State of Ohio was at an annual average 4.8 percent unemployment rate at the end of 2015 according to the Ohio Labor Market Information site for the Ohio Department of Jobs and Family Services. Our employment mix insulates us somewhat from what is happening elsewhere in the state. One of our largest employers is the Hilliard City School District which is the ninth largest district in the state according to the Ohio Department of Education. The list of our ten largest employers can be found in our statistical section and includes telecommunications, financial services, technology, marketing, insurance and manufacturing businesses.

The City's ability to provide opportunities for expansion of its residential, commercial, and industrial tax base is greatly influenced by its aggressive development strategy, excellent school system, recreational programs, police department, city services, and probably, most importantly, the annual five year Capital Improvement Program. The Capital Improvement Program provides the City with the framework to upgrade the infrastructure to make it possible to handle a growing and prosperous city. The Capital Improvement Program is a comprehensive five-year plan that is updated every year to prioritize projects and provide improvements to everything from streets and sewer and waterlines to ball fields, traffic signals, and the municipal complex.

Relevant financial policies

Income tax remains the primary source of revenue for the City and supports the five-year Capital Improvement Program. Income tax revenue is divided among the General Fund, Street Improvement Municipal Tax Special Revenue Fund, and Capital Improvement Municipal Tax Capital Projects Fund. The Street Improvement Municipal Tax Special Revenue Fund and the Capital Improvement Municipal Tax Capital Projects Fund provide funding for the City's capital needs by paying debt service or cash funding projects. The City issues debt for capital projects only.

The City uses historical revenue and expenditure trends in the budget process and provides monthly revenue and expenditure reports, income tax collections and projections reports and detailed quarterly reviews that include budget to actual year-to-date information to Council.

During 2014, Council adopted a General Fund balance policy that targets the fund reserve to be twenty five percent of annual operating expenditures on a budget basis. In 2015, the City was at 23%.

The City adheres to the Uniform Depository Act of the State of Ohio to determine eligible investments for City funds. The City further limits investments to maturities of a maximum of two years. Cash flow forecasting and the use of short-term investments, such as repurchase agreements and the State Treasurer's Asset Reserve account (STAROhio), allow the City to earn interest on all funds.

Major initiatives

Development

The City has adopted a proactive development strategy that combines successful public-private partnerships with a robust complement of development incentives. In 2015, these efforts resulted in over 255 new jobs attracted and projected \$33,800,000 new private investment.

The City will have continued economic growth in 2016 due to new development as well as the redevelopment of Hickory Chase. This redevelopment will relocate the Hilliard Library and add senior living, multi-family units and 20 acres of commercial use. The City also will finalize obtaining 124 acres for a future sports complex which will include the Bo Jackson Elite Sports project.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Hilliard, Ohio for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2014. This was the twenty-fourth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

We wish to convey our appreciation to the City Administration and to the City Council for their support and for providing the necessary funds to prepare and publish this report.

The entire Finance Department played a part in preparing this report; they worked with extreme dedication to the project. Special thanks to Gregory A. Tantari, Deputy Finance Director and Karrie M. Martin, Fiscal Officer, for their special attention to the project.

Respectfully submitted,



David D. Delande
Finance Director



Don Schonhardt
Mayor



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Hilliard
Ohio**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2014

Executive Director/CEO

City of Hilliard, Ohio
Principal Officials
 December 31, 2015

Elected Officials

Name	Title	Term Expires	Service	Surety
Don Schonhardt	Mayor	12/31/2015	14	A
Nathan Painter	President of Council	12/31/2015	4	A
Les Carrier	Council	12/31/2017	2	A
Tom Baker	Council	12/31/2017	2	A
Albert J. Iosue	Council	12/31/2015	8	A
Kelly McGivern	Council	12/31/2017	8	A
Bill Utley	Council	12/31/2017	15	A
Joseph Erb	Council	12/31/2015	4	A

Appointed Officials

Name	Title	Term Expires	Service	Surety
David D. Delande	Director of Finance	Indefinite	21	A & B
Tracy Bradford	Director of Law	Indefinite	11	A
Don Schonhardt	Director of Safety	Indefinite	14	A
Clyde R. Seidle	Director of Service	Indefinite	12	A
Steven B. Mazer	Director of Parks and Recreation	Indefinite	8	A
David Meeks	Director of Economic Development	Indefinite	13	A
Gerry Edwards	Director of Human Resource	Indefinite	11	A
John F. Hall, III	Director of Land & Bldgs.	Indefinite	11	A
J. Douglas Francis	Director of Communications	Indefinite	7	A
Robert Fisher	Chief of Police	Indefinite	4	A
Lynn Fasone	Clerk of Council	Indefinite	11	A

(A) National Casualty Insurance Company, \$1,000,000/\$1,000,000.

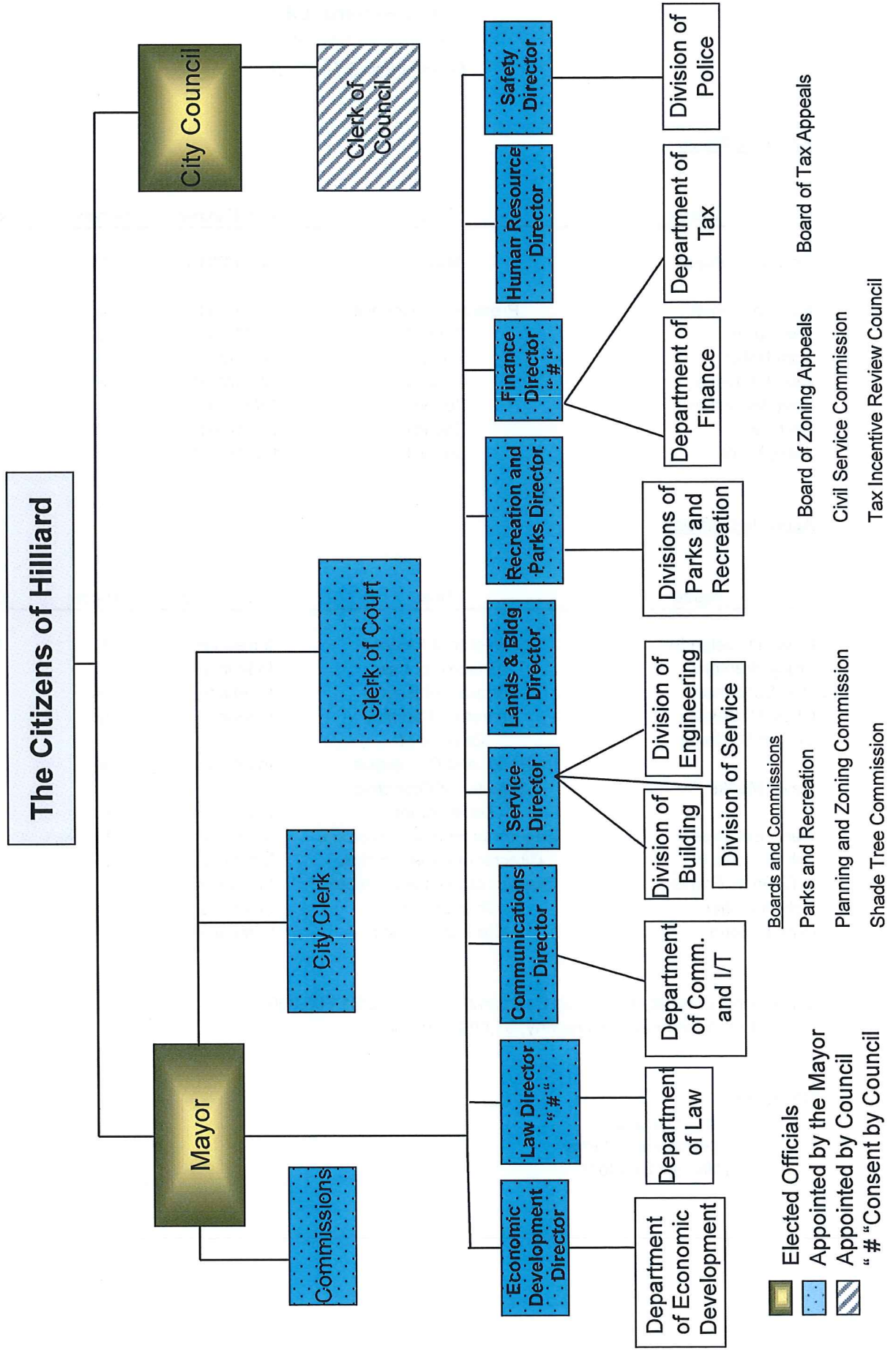
(B) US Fidelity Insurance Company, \$1,000,000 Bond.

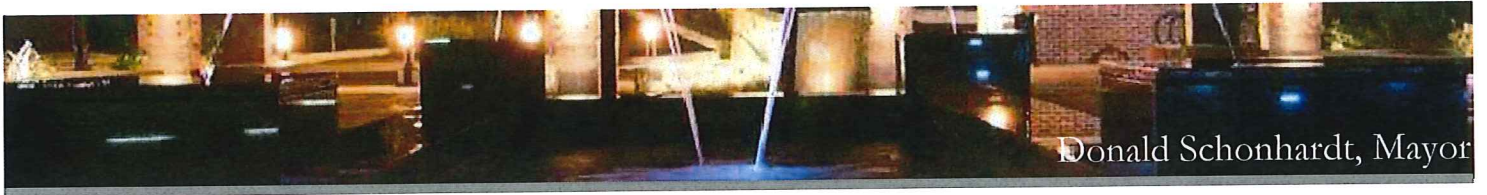
City Address:

City of Hilliard
 3800 Municipal Way
 Hilliard, OH 43026

The City of Hilliard, Ohio

Organizational Chart



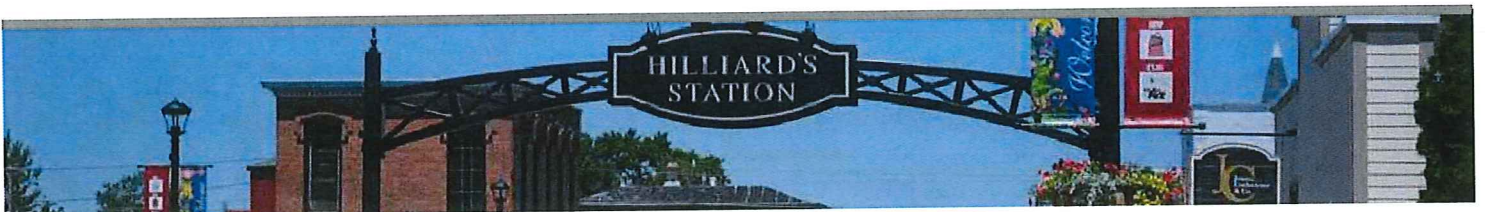


Donald Schonhardt, Mayor

Financial Section



City of Hilliard, Ohio



THE

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INDEPENDENT AUDITORS' REPORT

To City Council
City of Hilliard, Ohio:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Hilliard, Ohio (the "City") as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Hilliard, Ohio, as of December 31, 2015, and the respective changes in financial position and, where applicable cash flows and the respective budgetary comparisons for the General Fund, Street Maintenance and Repair Fund, Street Improvement Municipal Tax Fund, Water and Sewer Revenue Fund and TIF Fund thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Effect of Adopting New Accounting Standards

As discussed in Note 22, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. Our opinions were not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as identified in the table of contents, to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Hilliard's basic financial statements. The combining and individual nonmajor fund financial statements and schedules and introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 2, 2016 on our consideration of the City of Hilliard's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Hilliard's internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
June 2, 2016

The first part of the report discusses the importance of maintaining accurate records of all transactions. It emphasizes that proper record-keeping is essential for the success of any business and for the protection of the interests of all parties involved. The report also highlights the need for transparency and accountability in all financial dealings.

The second part of the report provides a detailed analysis of the current financial situation of the company. It includes a comprehensive review of the income statement, balance sheet, and cash flow statement, as well as a comparison of the company's performance against its competitors.

The third part of the report outlines the proposed budget for the next fiscal year. It details the expected revenue, expenses, and profit, and provides a breakdown of the budget by department. The report also includes a discussion of the various risks and uncertainties that may affect the company's financial performance, and offers strategies to mitigate these risks.

The fourth part of the report concludes with a summary of the key findings and recommendations. It reiterates the importance of maintaining accurate records and provides a final assessment of the company's financial health. The report also includes a list of references and a glossary of terms.

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CITY OF HILLIARD, OHIO
Management's Discussion and Analysis
Year Ended December 31, 2015
Unaudited

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Hilliard's discussion and analysis of the annual financial report provides an overview of the City's financial activities for the year ended December 31, 2015.

FINANCIAL HIGHLIGHTS

- The City's total net position increased \$2,534,972 in 2015.
- General revenues accounted for \$31,383,661 or 67% of total revenue. Program specific revenues in the form of charges for services, grants, contributions, and interest accounted for \$15,688,798 or 33% of total revenues of \$47,072,459.
- The City had \$44,537,487 in expenses related to governmental activities. Program revenues of \$15,688,798 reduced the net cost of the City's functions to be financed from the City's general revenues to \$28,848,689.
- The City's unassigned fund balance of the General Fund totaled \$11,937,982 at year end, or 57% of General Fund expenditures.

USING THIS ANNUAL FINANCIAL REPORT

This annual report consists of a series of financial statements. These statements are presented so that the reader can understand the City of Hilliard's financial situation as a whole and also give a detailed view of the City's fiscal condition.

The Statement of Net Position and Statement of Activities provide information about the activities of the City as a whole and present a long-term view of the City's finances. The fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term, as well as the amount of funds available for future spending. The fund financial statements focus on the City's most significant funds, with all other nonmajor funds presented in total in one column.

REPORTING THE CITY AS A WHOLE

Statement of Net Position and the Statement of Activities

The analysis of the City as a whole begins with the Statement of Net Position and the Statement of Activities. These statements provide information that will help the reader to determine if the City of Hilliard is financially better off or worse off as a result of the year's activities. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by private sector companies. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net position and changes to that position. These changes inform the reader whether the City's financial position, as a whole, has improved or diminished. In evaluating the overall financial health, the reader of these financial statements needs to take into account non-financial factors that also impact the City's financial well-being. Some of these factors include the City's tax base and the condition of capital assets.

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

Fund financial statements provide detailed information about the City's major funds – not the City as a whole. Some funds are required by State law and bond covenants. Other funds may be established by the Finance Director, with the approval of the City Council, to help control, manage, and report money received for a particular purpose or to show that the City is meeting legal responsibilities for the use of grants. The City of Hilliard's major funds are the General Fund, the Street Maintenance and Repair, Street Improvement Municipal Tax, Water and Sewer Revenue, TIF Special Revenue Funds, and the Capital Improvement Municipal Tax Capital Projects Fund.

Governmental Funds – Most of the City's services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or less financial resources that can be spent in the near future on services provided to our residents. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the basic financial statements.

Proprietary Fund – Proprietary funds use the same measurement focus and basis of accounting as the Government-Wide Financial Statements. The internal service fund is used to report activities that provide services to the City's other funds and departments; therefore it has been included in the governmental activities in the Government-Wide Financial Statements.

Fiduciary Funds – The City's fiduciary funds are agency funds. All of the City's fiduciary funds are reported in a separate Statement of Fiduciary Assets and Liabilities – Agency Funds. We exclude these activities from the City's other financial statements, because the City cannot use these assets to finance its own operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Fiduciary funds use the accrual basis of accounting.

THE CITY AS A WHOLE

As stated previously, the Statement of Net Position looks at the City as a whole. Table 1 provides a summary of the City's net position for 2015 compared to 2014.

Table 1
Net Position

	Governmental Activities	
	2015	Restated 2014
Assets		
Current and other assets	\$ 46,430,324	\$ 48,279,268
Capital assets	243,041,104	240,217,331
<i>Total Assets</i>	<u>289,471,428</u>	<u>288,496,599</u>
 Deferred Outflows of Resources	 <u>4,375,112</u>	 <u>3,325,364</u>
 Liabilities		
Long-term liabilities:		
Net pension liabilities	15,998,129	15,237,789
Other long-term amounts	71,048,725	72,307,955
Other liabilities	2,703,210	3,037,112
<i>Total Liabilities</i>	<u>89,750,064</u>	<u>90,582,856</u>
 Deferred Inflows of Resources	 <u>5,852,470</u>	 <u>5,530,073</u>
 Net Position		
Net investment in capital assets	177,988,978	174,263,501
Restricted	18,372,505	19,459,624
Unrestricted	1,882,523	1,985,909
<i>Total Net Postion</i>	<u>\$ 198,244,006</u>	<u>\$ 195,709,034</u>

During 2015, the City adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement No. 27*, which significantly revised accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB Statement No. 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB Statement No. 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems

requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB Statement No. 68, the net pension liability equals the City's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the City is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract, but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e., sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with the required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB Statement No. 68, the City's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows.

As a result of implementing GASB Statement No. 68, the City is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at December 31, 2014, from \$209,436,360 to \$195,709,034.

The largest portion of the City's net position (90%) reflects its investment in capital assets, less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (9%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$1,882,523 is unrestricted and may be used to meet the City's ongoing obligations to its citizens and creditors.

At the end of the current year, the City is able to report positive balances in all reported categories of net position. The same situation held true for the prior year. The City's overall net position increased \$2,534,972 from the prior year. The reasons for this overall are discussed in the following section.

Table 2 shows the changes in net position for the years ended December 31, 2015 and 2014.

	Governmental Activities	
	2015	2014
Revenues		
Program revenues:		
Charges for services	\$ 8,805,267	\$ 8,895,504
Operating grants and contributions	2,383,121	2,246,982
Capital grants and contributions	4,500,410	6,087,335
<i>Total program revenues</i>	<u>15,688,798</u>	<u>17,229,821</u>
General revenues:		
Property and other local taxes	1,440,683	1,418,846
Municipal income taxes	23,617,597	22,295,287
Payments in lieu of taxes	5,319,823	7,383,674
Grants and entitlements not restricted to specific programs	806,642	770,008
Investment earnings	48,070	73,377
Miscellaneous	150,846	508,900
<i>Total general revenues</i>	<u>31,383,661</u>	<u>32,450,092</u>
<i>Total revenues</i>	<u>47,072,459</u>	<u>49,679,913</u>
Expenses		
General government	6,449,722	6,234,614
Security of persons and property	9,746,509	11,406,237
Public health	225,000	194,357
Leisure time activities	3,706,740	3,347,217
Community environment	3,846,005	3,437,303
Basic utility services	8,337,911	7,407,729
Transportation	10,363,941	11,946,188
Interest and fiscal charges	1,861,659	1,774,916
<i>Total expenses</i>	<u>44,537,487</u>	<u>45,748,561</u>
<i>Change in net position</i>	2,534,972	3,931,352
<i>Net position, beginning of year</i>	195,709,034	205,505,008
<i>Cumulative change for implementation of GASB 68</i>	-	(13,727,326)
<i>Net position, end of year</i>	<u>\$ 198,244,006</u>	<u>\$ 195,709,034</u>

The information necessary to restate the 2014 beginning balances and the 2014 pension expense amounts for the effects of the initial implementation of GASB Statement No. 68 is not available. Therefore, 2014 functional expenses still include pension expense of \$1,510,463 computed under GASB Statement No. 27. GASB Statement No. 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB Statement No. 68, pension expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of pension expense. Under GASB Statement No. 68, the 2015 statements report pension expense of \$1,619,997. Consequently, in order to compare 2015 total program expenses to 2014, the following adjustments are needed.

Total 2015 program expenses under GASB 68	\$ 44,537,487
Pension expense under GASB 68	(1,619,997)
2015 contractually required contribution	<u>1,630,316</u>
Adjusted 2015 program expenses	44,547,806
Total 2014 program expenses under GASB 27	<u>45,748,561</u>
Change in program expenses not related to pension	<u>\$ (1,200,755)</u>

The 2.0 percent income tax is generally the largest source of revenue for the City of Hilliard. Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City bimonthly, monthly, or quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually. The City allows a credit for income taxes paid to another municipality up to 100 percent of the City's current tax rate.

The City's employment picture remains stable. The majority of the top ten employers for 2015 were included in the top ten listing for 2014. The largest employer spot was maintained by Verizon Wireless during the year, with their relocation from Dublin to Hilliard in 2014.

In 2015, total revenue decreased \$2,607,454 as compared to 2014. The decrease in total General Revenues was \$1,066,431, while total Program Revenues decreased \$1,541,023.

Under program revenues, the City experienced decreases in capital grants and contributions, as the City received contributions in the prior year to assist with the Cultural Arts Civics Building, which is part of Hilliard Station Park, and donation of a radio tower.

Overall, general revenues decreased compared to the prior year. The City received catch up payments on delinquent payments in lieu of taxes during 2014, as well as received motor vehicle permissive funds for Cemetery Road 2014 resurfacing, neither of which took place in 2015. The impact of these decreases was partially minimized by increases in municipal income taxes, as the City experienced continued growth, along with the continued benefit of the relocation of Verizon Wireless into the City in the prior year.

Table 3 for governmental activities, indicates the total cost of services and the net cost of services. The statement of activities reflects the cost of program services and the charges of services and sales, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by general revenues.

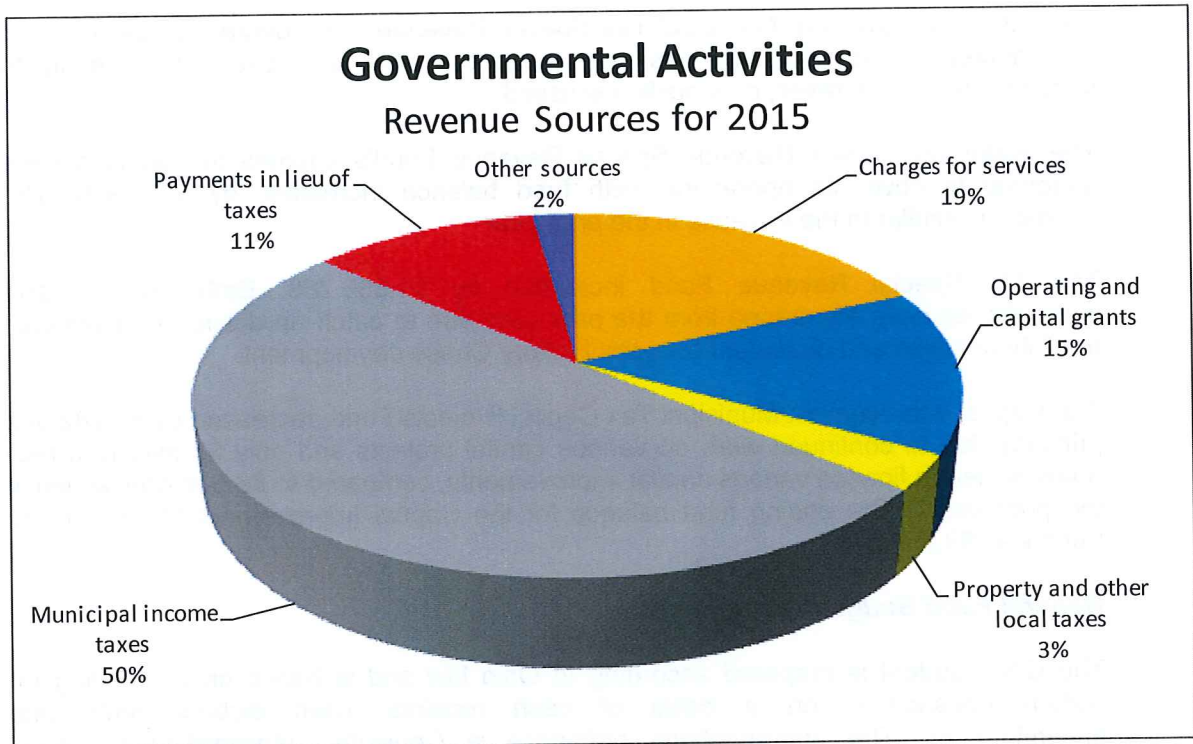
Table 3

	Total Cost of Services 2015	Net Cost of Services 2015	Total Cost of Services 2014	Net Cost of Services 2014
General government	\$ 6,449,722	\$ 5,517,217	\$ 6,234,614	\$ 5,487,556
Security of persons and property	9,746,509	8,773,664	11,406,237	10,438,338
Public health	225,000	225,000	194,357	194,357
Leisure time activities	3,706,740	2,451,689	3,347,217	2,309,712
Community environment	3,846,005	1,061,339	3,437,303	639,361
Basic utility services	8,337,911	751,700	7,407,729	(330,529)
Transportation	10,363,941	8,206,421	11,946,188	8,005,029
Interest and fiscal charges	1,861,659	1,861,659	1,774,916	1,774,916
	<u>\$ 44,537,487</u>	<u>\$ 28,848,689</u>	<u>\$ 45,748,561</u>	<u>\$ 28,518,740</u>

It should be noted that 165% of the costs of services for governmental activities are paid by program revenues, including charges for services, operating grants, capital grants and other contributions. As shown by the total net costs of \$28,848,689, the majority of the City programs are funded by general revenues. A significant portion of the total general revenues consists of income taxes, property taxes and payments in lieu of taxes.

The Administration and City Council base spending decisions on how they will improve the quality of life for the citizens and business in Hilliard. The Administration and City Council committed to maintain and improve the City's investments by providing appropriations for capital assets, equipment and repairs. Overall the City had more capital improvement projects in 2015 than in 2014 and focused on preserving existing assets. These assets include street resurfacing, sidewalk replacements, safety and street maintenance equipment and vehicles, as well as park and recreation equipment.

When looking at the sources of income to support governmental activities, it should be noted that charges for services are only 19% of total revenues. Revenues provided by sources other than City residents in the form of operating and capital grants restricted to a certain program comprise another 15% of total revenues. The remaining revenues are primarily generated locally through income taxes. City Council relies on these taxes to furnish the quality of life to businesses and citizens to which they and previous Councils have always been committed.



THE CITY'S GOVERNMENTAL FUNDS

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements.

At December 31, 2015, the City's governmental funds reported combined fund balances of \$35,766,514, an increase of \$409,184 in comparison with the prior year. Approximately 33% of this amount (\$11,933,821) constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of the fund balance is either nonspendable, restricted, committed, or assigned to indicate that it is 1) not in spendable form (\$40,817), 2) restricted for particular purposes (\$19,509,382), 3) committed for particular purposes (\$3,937,564), or 4) assigned for particular purposes (\$344,930).

The General Fund ended the current year with a fund balance of \$12,409,961. Of this amount, \$11,937,982 is considered unassigned, which represents 57% of current year expenditures. The General Fund continues to rely heavily on the City's income tax as its primary source of revenue for operations. The fund balance increased \$1,630,678 in 2015, which was \$361,770 more than the prior year's increase in fund balance. Total revenue increased by about 17%, as business net profit estimated income tax payments were higher, while total expenditures increased by about 5%, with the initiation of grant-funded community programs, increases in inspections with continued City developments and hiring of an IT Director.

The increase of \$196,032 in the Street Maintenance and Repair Special Revenue Fund was due to lower fuel prices and a mild winter requiring less salt.

The Street Improvement Municipal Tax Special Revenue Fund decreased by \$75,288. This decrease was \$380,115 less than the prior year's decrease, due primarily to increases in income taxes, previously discussed.

The Water and Sewer Revenue Special Revenue Fund's charges for services were adequate to cover its operations, with fund balance increasing by \$273,949. The increase is similar to the increase in the prior year.

The TIF Special Revenue Fund increased by \$1,666,788. Both revenue and expenditures have decreased from the prior year due to catch up delinquent payments the City received and disbursed from the Hickory Chase development.

The Capital Improvement Municipal Tax Capital Projects Fund decreased by \$2,782,062 primarily due to continued work on various capital projects and only \$3 million in new notes issued to finance various capital improvements, compared to \$6.5 million issued in the prior year. The ending fund balance for the Capital Improvement Municipal Tax Fund was \$9,856,510.

General Fund Budgeting Highlights

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, cash disbursements and encumbrances. The appropriations ordinance is Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council as provided for in the City's charter. The legal level of control has been established by Council at the object level.

During 2015, the total amount of the General Fund budget remained consistent at \$22,584,659. Actual expenditures were \$1,407,265 less than budgeted, due to lower than expected insurance premiums, radio maintenance, and consulting expenditures, as well as tax incentives and abatement payments coming in less than budgeted.

General Fund original and final budgeted revenues were \$21,965,894. Actual revenues were \$24,191,436, a difference of \$2,225,542 compared to final budget revenues, due to better than expected income tax collections, with increases in employment within the City, and permit revenue, with continued construction activity within the City.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At December 31, 2015, the City's capital assets increased \$2,823,773 to \$243,041,104.

Table 4
Capital Assets at Year-End
(Net of Depreciation)

	Governmental Activities	
	2015	2014
Land	\$ 6,996,225	\$ 4,726,587
Construction in progress	9,895,141	4,737,316
Buildings	6,807,643	7,146,047
Improvements other than buildings	6,368,839	6,662,279
Machinery and equipment	1,529,649	1,734,756
Furniture and fixtures	189,536	180,442
Vehicles	1,072,717	1,002,804
Infrastructure	210,181,354	214,027,100
Totals	<u>\$ 243,041,104</u>	<u>\$ 240,217,331</u>

Capital Assets increased primarily due to continued work on projects, like Hilliard Station, Heritage Trail and Cosgray Road. See Note 7 of the Notes to the Basic Financial Statements for more detailed information.

Debt

At December 31, 2015, the City of Hilliard had \$69,189,558 in debt outstanding.

Table 5
Outstanding Debt

	Governmental Activities	
	2015	2014
OWDA loan payable	\$ 1,200,250	\$ 1,419,591
OPWC loan payable	2,402,772	2,566,598
General obligation bonds	49,135,000	47,050,000
General obligation notes	7,275,000	10,785,000
Capital leases	5,631,739	5,848,276
Premiums on bonds issued	3,544,797	2,722,640
Totals	<u>\$ 69,189,558</u>	<u>\$ 70,392,105</u>

The decrease in outstanding debt is primarily due to the City making its scheduled debt service payments, while issuing less in general obligation notes. During the year, the City issued \$3,000,000 in new notes for various capital improvements. In addition, the City issued \$8,745,000 in refunding bonds to refund \$2,775,000 in Series 2009 bonds and rolled over \$6,500,000 in notes that were initially issued to fund capital improvements.

Generally, all general obligation bond and note issues will be paid through the Water and Sewer Revenue, Street Improvement Municipal Tax, and TIF Special Revenue Funds, and the Capital Improvements Municipal Tax Capital Projects Fund.

The OWDA and OPWC loans will be paid from the Capital Improvements Municipal Tax Capital Projects Fund.

The City's overall 10.5 percent legal debt margin was \$91,339,039 as of December 31, 2015. The more restrictive unvoted legal debt margin within 5.5 percent was \$46,669,592 as of the same date.

See Note 14 of the Notes to the Basic Financial Statements for more detailed information about the City's debt.

CONTACTING THE CITY'S FINANCE DEPARTMENT

This financial report is designed to provide our citizens, taxpayers, creditors, and investors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact David Delande, Director of Finance, City of Hilliard, 3800 Municipal Way, Hilliard, Ohio 43026.

CITY OF HILLIARD, OHIO

Statement of Net Position

December 31, 2015

	<u>Governmental Activities</u>
Assets	
Equity in pooled cash and investments	\$ 35,270,950
Cash and cash equivalents with fiscal agent	91,479
Accounts receivable	275,833
Municipal income tax receivable	3,724,391
Due from other governments	1,225,342
Payments in lieu of taxes receivable	4,498,106
Prepaid items	40,817
Property and other local taxes receivable	1,303,406
Nondepreciable capital assets	16,891,366
Depreciable capital assets, net	<u>226,149,738</u>
Total assets	<u>289,471,428</u>
 Deferred Outflows of Resources	
Deferred charges on refunding	2,000,989
Pensions	<u>2,374,123</u>
Total deferred outflows of resources	<u>4,375,112</u>
 Liabilities	
Accounts payable	969,011
Accrued liabilities	250,000
Accrued wages payable	171,744
Matured compensated absences	290,583
Due to other governments	165,481
Accrued interest payable	264,178
Claims payable	254,000
Unearned revenue	338,213
Long-term liabilities:	
Due within one year	12,399,365
Due in more than one year:	
Net pension liabilities	15,998,129
Other amounts due more than one year	<u>58,649,360</u>
Total liabilities	<u>89,750,064</u>
 Deferred Inflow of Resources	
Property taxes levied for next year	1,261,363
Payments in lieu of taxes levied for next year	4,498,106
Pensions	<u>93,001</u>
Total deferred inflows of resources	<u>5,852,470</u>
 Net Position	
Net investment in capital assets	177,988,978
Restricted for:	
Streets and transportation	9,223,635
Capital outlay	9,044,050
Other purposes	104,820
Unrestricted	<u>1,882,523</u>
Total net position	<u>\$ 198,244,006</u>

See accompanying notes to the basic financial statements.

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CITY OF HILLIARD, OHIO

Year Ended December 31, 2015

Functions/Programs

General government

Security of persons and property

Public health

Leisure time activities

Community environment

Basic utility services

Transportation

Interest and fiscal charges

Total governmental activities

General revenues:

Property taxes levied for general purposes

Municipal income taxes levied for:

General purposes

Transportation

Capital outlay

Payments in lieu of taxes

Grants and contributions not restricted to specific programs

Investment earnings

Miscellaneous

Total general revenues

Change in net position

Net position beginning of year, restated

Net position end of year

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CITY OF HILLIARD, OHIO

Balance Sheet

Governmental Funds

December 31, 2015

	General	Street Maintenance and Repair	Street Improvement Municipal Tax
Assets			
Equity in pooled cash and cash equivalents	\$ 12,217,664	\$ 911,933	\$ 2,423,493
Cash and cash equivalents with fiscal agent	-	-	-
Receivables:			
Property and other local taxes	1,303,406	-	-
Payments in lieu of taxes	-	-	-
Municipal income taxes	2,681,561	-	111,732
Accounts	208,719	333	-
Due from other funds	36,404	-	-
Due from other governments	302,104	678,249	-
Prepaid items	40,817	-	-
Total assets	<u>\$ 16,790,675</u>	<u>\$ 1,590,515</u>	<u>\$ 2,535,225</u>
Liabilities			
Accounts payable	\$ 369,126	\$ 14,687	\$ 33,917
Accrued liabilities	250,000	-	-
Due to other funds	216,768	19,242	-
Accrued wages payable	149,910	5,459	-
Matured compensated absences	276,539	3,511	-
Due to other governments	145,663	4,964	-
Unearned revenue	338,213	-	-
Total liabilities	<u>1,746,219</u>	<u>47,863</u>	<u>33,917</u>
Deferred Inflows of Resources			
Property taxes levied for next year	1,261,363	-	-
Payments in lieu of taxes levied for next year	-	-	-
Unavailable revenue	1,373,132	459,408	42,754
Total deferred inflows of resources	<u>2,634,495</u>	<u>459,408</u>	<u>42,754</u>
Fund balances			
Nonspendable	40,817	-	-
Restricted	-	1,083,244	-
Committed	86,232	-	2,458,554
Assigned	344,930	-	-
Unassigned	11,937,982	-	-
Total fund balances	<u>12,409,961</u>	<u>1,083,244</u>	<u>2,458,554</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 16,790,675</u>	<u>\$ 1,590,515</u>	<u>\$ 2,535,225</u>

See accompanying notes to the basic financial statements.

Water and Sewer Revenue	TIF	Capital Improvement Municipal Tax	Nonmajor Governmental Funds	Total Governmental Funds
\$ 1,635,253	\$ 7,056,746	\$ 9,643,273	\$ 1,332,262	\$ 35,220,624
-	-	-	91,479	91,479
-	-	-	-	1,303,406
-	4,498,106	-	-	4,498,106
-	-	931,098	-	3,724,391
37,249	-	-	29,532	275,833
-	-	-	-	36,404
-	103,612	22,775	118,602	1,225,342
-	-	-	-	40,817
<u>\$ 1,672,502</u>	<u>\$ 11,658,464</u>	<u>\$ 10,597,146</u>	<u>\$ 1,571,875</u>	<u>\$ 46,416,402</u>
\$ 72,540	\$ -	\$ 384,352	\$ 94,389	\$ 969,011
-	-	-	-	250,000
35,950	-	-	17,975	289,935
10,918	-	-	5,457	171,744
7,022	-	-	3,511	290,583
9,924	-	-	4,930	165,481
-	-	-	-	338,213
<u>136,354</u>	<u>-</u>	<u>384,352</u>	<u>126,262</u>	<u>2,474,967</u>
-	-	-	-	1,261,363
-	4,498,106	-	-	4,498,106
-	103,612	356,284	80,262	2,415,452
-	<u>4,601,718</u>	<u>356,284</u>	<u>80,262</u>	<u>8,174,921</u>
-	-	-	-	40,817
604,242	7,056,746	9,856,510	908,640	19,509,382
931,906	-	-	460,872	3,937,564
-	-	-	-	344,930
-	-	-	(4,161)	11,933,821
<u>1,536,148</u>	<u>7,056,746</u>	<u>9,856,510</u>	<u>1,365,351</u>	<u>35,766,514</u>
<u>\$ 1,672,502</u>	<u>\$ 11,658,464</u>	<u>\$ 10,597,146</u>	<u>\$ 1,571,875</u>	<u>\$ 46,416,402</u>

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CITY OF HILLIARD, OHIO
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
December 31, 2015

Total governmental fund balances		\$ 35,766,514
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		243,041,104
Other long-term assets are not available to pay for current-period expenditures and therefore are unavailable in the funds.		2,415,452
Internal service funds are used to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		49,857
Long-term liabilities, including bonds and loans payable, are not due and payable in the current period and therefore are not reported in the funds:		
Bonds payable	(52,679,797)	
Notes payable	(7,275,000)	
OWDA loans payable	(1,200,250)	
OPWC loans payable	(2,402,772)	
Capital lease payable	(5,631,739)	
Compensated absences payable	<u>(1,859,167)</u>	(71,048,725)
Accrued interest on long-term debt is not reported in the funds.		(264,178)
Deferred outflows of resources from losses on refunding are amortized over the life of the bonds and are not reported in the funds.		2,000,989
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in the governmental funds:		
Deferred outflows - pensions	2,374,123	
Deferred inflows - pensions	(93,001)	
Net pension liability	<u>(15,998,129)</u>	<u>(13,717,007)</u>
Net position of governmental activities		\$ <u>198,244,006</u>

See accompanying notes to the basic financial statements.

CITY OF HILLIARD, OHIO

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

Year Ended December 31, 2015

	General	Street Maintenance and Repair	Street Improvement Municipal Tax
Revenues			
Property and other local taxes	\$ 1,462,509	\$ -	\$ -
Municipal income taxes	17,346,407	-	1,996,524
Payment in lieu of taxes	-	-	-
Intergovernmental	585,473	1,417,982	250,000
Charges for services	3,742,334	-	-
Licenses and permits	1,216,012	-	-
Fines and forfeitures	280,712	-	-
Investment income	47,717	263	-
Miscellaneous	107,957	28,656	16,977
Total revenues	<u>24,789,121</u>	<u>1,446,901</u>	<u>2,263,501</u>
Expenditures			
Current:			
General government	5,398,138	-	67,637
Security of persons and property	8,866,299	-	-
Public health	225,000	-	-
Leisure time activities	2,914,194	-	-
Community environment	3,447,432	-	-
Basic utility services	-	-	-
Transportation	-	1,250,869	1,971,896
Debt Service:			
Principal retirement	-	-	295,000
Interest and fiscal charges	-	-	4,256
Issuance costs	-	-	-
Total expenditures	<u>20,851,063</u>	<u>1,250,869</u>	<u>2,338,789</u>
Excess of revenues over (under) expenditures	<u>3,938,058</u>	<u>196,032</u>	<u>(75,288)</u>
Other Financing Sources (Uses)			
Sale of capital assets	1,500	-	-
General obligation bonds issued	-	-	-
Premium on issuance of bonds and notes	-	-	-
General obligation notes issued	-	-	-
Payment to escrow	-	-	-
Transfers in	-	-	-
Transfers out	(2,308,880)	-	-
Total other financing sources (uses)	<u>(2,307,380)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	1,630,678	196,032	(75,288)
Fund balance, beginning of year	10,779,283	887,212	2,533,842
Fund balance, end of year	<u>\$ 12,409,961</u>	<u>\$ 1,083,244</u>	<u>\$ 2,458,554</u>

See accompanying notes to the basic financial statements.

Water and Sewer Revenue	TIF	Capital Improvement Municipal Tax	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 1,462,509
-	-	6,447,644	-	25,790,575
-	5,319,823	-	-	5,319,823
-	192,656	73,935	678,854	3,198,900
2,000,453	-	-	1,135,701	6,878,488
-	-	298,500	15,314	1,529,826
-	-	-	27,045	307,757
-	-	-	90	48,070
6,880	-	54,550	2,000	217,020
<u>2,007,333</u>	<u>5,512,479</u>	<u>6,874,629</u>	<u>1,859,004</u>	<u>44,752,968</u>
-	-	3,801,925	25,620	9,293,320
-	-	251,880	80,743	9,198,922
-	-	-	-	225,000
-	-	4,074,092	735,271	7,723,557
-	-	800,000	-	4,247,432
1,444,897	-	807,356	1,230,647	3,482,900
-	1,820,344	1,458,322	417,636	6,919,067
217,000	1,410,000	13,347,704	-	15,269,704
71,487	615,347	1,095,864	-	1,786,954
-	-	182,912	-	182,912
<u>1,733,384</u>	<u>3,845,691</u>	<u>25,820,055</u>	<u>2,489,917</u>	<u>58,329,768</u>
<u>273,949</u>	<u>1,666,788</u>	<u>(18,945,426)</u>	<u>(630,913)</u>	<u>(13,576,800)</u>
-	-	-	-	1,500
-	-	8,745,000	-	8,745,000
-	-	1,260,402	-	1,260,402
-	-	7,145,000	130,000	7,275,000
-	-	(3,295,918)	-	(3,295,918)
-	-	2,308,880	-	2,308,880
-	-	-	-	(2,308,880)
-	-	16,163,364	130,000	13,985,984
273,949	1,666,788	(2,782,062)	(500,913)	409,184
1,262,199	5,389,958	12,638,572	1,866,264	35,357,330
<u>\$ 1,536,148</u>	<u>\$ 7,056,746</u>	<u>\$ 9,856,510</u>	<u>\$ 1,365,351</u>	<u>\$ 35,766,514</u>

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CITY OF HILLIARD, OHIO
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended December 31, 2015

Net change in fund balances - total governmental funds	\$ 409,184
<i>Amounts reported for governmental activities in the Statement of Activities are different because:</i>	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense:	
Capital asset additions	10,324,178
Depreciation expense	(11,873,322)
Governmental funds do not report the revenue from the contribution of capital assets since they do not represent current financial resources. However, the revenue is reported in the Statement of Activities as capital contributions.	
	4,426,475
In the statement of activities, loss on disposal of capital assets is reported, whereas only proceeds from sales are reported in the funds.	
	(53,558)
Revenue in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
	(2,054,926)
Internal service funds are used to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.	
	(103,488)
Some expenses reported in the statement of activities do not require the use current financial resources and therefore are not reported as expenditures in governmental funds:	
Compensated absences	56,683
Interest on long-term debt	4,792
Amortization of bond premiums	293,724
Net change in deferred loss on refunding	186,088
Repayment of long-term obligations is reported as an expenditure in the governmental funds, but the repayment reduces the long-term liabilities in the statement of net position. In the current year, these amounts consisted of general obligations bonds, OWDA and OPWC loans, and capital leases.	
	15,269,704
The issuance and refunding of general obligations bonds and notes are recorded as other financing sources and uses in the governmental funds, but are used to adjust bonds and notes payables on the statement of net position.	
	(14,360,881)
Contractually required contributions are reported as expenditures in governmental funds; however the statement of net position reports these amounts as deferred outflows.	
	1,630,316
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.	
	(1,619,997)
Change in net position of governmental activities	\$ <u>2,534,972</u>

See accompanying notes to the basic financial statements.

CITY OF HILLIARD, OHIOStatement of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual - Budget (Non-GAAP) Basis

General Fund

Year Ended December 31, 2015

	Budgeted Amounts			Variance From Final Budget
	Original	Final	Actual	
Revenues:				
Property and other local taxes	\$ 1,405,225	\$ 1,405,225	\$ 1,462,864	\$ 57,639
Municipal income taxes	14,939,235	14,939,235	17,330,483	2,391,248
Intergovernmental	581,917	581,917	594,616	12,699
Charges for services	3,649,967	3,649,967	3,207,163	(442,804)
Licenses and permits	925,050	925,050	1,210,147	285,097
Fines and forfeitures	350,000	350,000	281,296	(68,704)
Investment income	53,000	53,000	47,717	(5,283)
Miscellaneous	61,500	61,500	57,150	(4,350)
Total revenues	<u>21,965,894</u>	<u>21,965,894</u>	<u>24,191,436</u>	<u>2,225,542</u>
Expenditures:				
Current:				
General government	6,744,137	6,744,137	5,999,138	744,999
Security of persons and property	9,232,737	9,232,737	8,917,206	315,531
Public health	225,000	225,000	225,000	-
Leisure time activities	3,016,070	3,016,070	2,963,382	52,688
Community environment	3,366,715	3,366,715	3,072,668	294,047
Total expenditures	<u>22,584,659</u>	<u>22,584,659</u>	<u>21,177,394</u>	<u>1,407,265</u>
Excess of revenues over (under) expenditures	<u>(618,765)</u>	<u>(618,765)</u>	<u>3,014,042</u>	<u>3,632,807</u>
Other financing sources (uses):				
Sale of assets	1,500	1,500	1,500	-
Transfers in	137,710	137,710	137,710	-
Transfers out	-	-	(2,446,590)	(2,446,590)
Total other financing sources (uses)	<u>139,210</u>	<u>139,210</u>	<u>(2,307,380)</u>	<u>(2,446,590)</u>
Net change in fund balance	<u>(479,555)</u>	<u>(479,555)</u>	<u>706,662</u>	<u>1,186,217</u>
Fund balance, beginning of year	9,626,155	9,626,155	9,626,155	
Prior year encumbrances appropriated	632,847	632,847	632,847	
Fund balance, end of year	<u>\$ 9,779,447</u>	<u>\$ 9,779,447</u>	<u>\$ 10,965,664</u>	

See accompanying notes to the basic financial statements.

CITY OF HILLIARD, OHIO

Statement of Revenues, Expenditures and Changes in Fund

Balances - Budget and Actual - Budget (Non-GAAP) Basis

Street Maintenance and Repair Fund

Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance From Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 1,350,500	\$ 1,350,500	\$ 1,422,394	\$ 71,894
Investment income	600	600	264	(336)
Miscellaneous	40,000	40,000	36,946	(3,054)
Total revenues	<u>1,391,100</u>	<u>1,391,100</u>	<u>1,459,604</u>	<u>68,504</u>
Expenditures:				
Current:				
Transportation	<u>1,770,181</u>	<u>1,770,181</u>	<u>1,562,996</u>	<u>207,185</u>
Total expenditures	<u>1,770,181</u>	<u>1,770,181</u>	<u>1,562,996</u>	<u>207,185</u>
Net change in fund balance	(379,081)	(379,081)	(103,392)	275,689
Fund balance, beginning of year	612,345	612,345	612,345	
Prior year encumbrances appropriated	<u>97,928</u>	<u>97,928</u>	<u>97,928</u>	
Fund balance, end of year	<u>\$ 331,192</u>	<u>\$ 331,192</u>	<u>\$ 606,881</u>	

See accompanying notes to the basic financial statements.

CITY OF HILLIARD, OHIO

Statement of Revenues, Expenditures and Changes in Fund

Balances - Budget and Actual - Budget (Non-GAAP) Basis

Street Improvement Municipal Tax Fund

Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance From Final Budget
	Original	Final		
Revenues:				
Municipal income taxes	\$ 1,770,920	\$ 1,770,920	\$ 2,298,688	\$ 527,768
Miscellaneous	-	-	17,629	17,629
Total revenues	<u>1,770,920</u>	<u>1,770,920</u>	<u>2,316,317</u>	<u>545,397</u>
Expenditures:				
Current:				
General government	170,000	170,000	134,368	35,632
Transportation	2,734,890	2,734,890	2,536,150	198,740
Debt Service	<u>300,000</u>	<u>300,000</u>	<u>299,256</u>	<u>744</u>
Total expenditures	<u>3,204,890</u>	<u>3,204,890</u>	<u>2,969,774</u>	<u>235,116</u>
Net change in fund balance	(1,433,970)	(1,433,970)	(653,457)	780,513
Fund balance, beginning of year	1,986,342	1,986,342	1,986,342	
Prior year encumbrances appropriated	<u>513,790</u>	<u>513,790</u>	<u>513,790</u>	
Fund balance, end of year	<u>\$ 1,066,162</u>	<u>\$ 1,066,162</u>	<u>\$ 1,846,675</u>	

See accompanying notes to the basic financial statements.

CITY OF HILLIARD, OHIO

Statement of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual - Budget (Non-GAAP) Basis
Water and Sewer Revenue Fund
Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final		From Final Budget
Revenues:				
Charges for services	\$ 1,985,000	\$ 1,985,000	\$ 1,964,955	\$ (20,045)
Miscellaneous	7,000	7,000	9,944	2,944
Total revenues	<u>1,992,000</u>	<u>1,992,000</u>	<u>1,974,899</u>	<u>(17,101)</u>
Expenditures:				
Current:				
Basic utility services	2,520,676	2,562,076	1,841,932	720,144
Debt Service	290,000	290,000	288,487	1,513
Total expenditures	<u>2,810,676</u>	<u>2,852,076</u>	<u>2,130,419</u>	<u>721,657</u>
Net change in fund balance	(818,676)	(860,076)	(155,520)	704,556
Fund balance, beginning of year	987,288	987,288	987,288	
Prior year encumbrances appropriated	429,205	429,205	429,205	
Fund balance, end of year	<u>\$ 597,817</u>	<u>\$ 556,417</u>	<u>\$ 1,260,973</u>	

See accompanying notes to the basic financial statements.

CITY OF HILLIARD, OHIO

Statement of Revenues, Expenditures and Changes in Fund

Balances - Budget and Actual - Budget (Non-GAAP) Basis

TIF Fund

Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance From Final Budget
	Original	Final		
Revenues:				
Payment in lieu of taxes	\$ -	\$ 5,341,000	\$ 5,319,826	\$ (21,174)
Intergovernmental	-	195,000	192,657	(2,343)
Total revenues	-	5,536,000	5,512,483	(23,517)
Expenditures:				
Current:				
Transportation	400,000	2,534,429	2,365,940	168,489
Debt Service	1,500,000	1,521,000	1,517,052	3,948
Total expenditures	1,900,000	4,055,429	3,882,992	172,437
Net change in fund balance	(1,900,000)	1,480,571	1,629,491	148,920
Fund balance, beginning of year	5,351,428	5,351,428	5,351,428	
Prior year encumbrances appropriated	38,529	38,529	38,529	
Fund balance, end of year	<u>\$ 3,489,957</u>	<u>\$ 6,870,528</u>	<u>\$ 7,019,448</u>	

See accompanying notes to the basic financial statements.

CITY OF HILLIARD, OHIO
Statement of Net Position
Internal Service Fund
December 31, 2015

	<u>Insurance Trust</u>
Assets	
Current assets:	
Equity in pooled cash and cash equivalents	\$ 50,326
Due from other funds	<u>253,531</u>
Total assets	<u>303,857</u>
Liabilities	
Current liabilities:	
Claims payable	<u>254,000</u>
Total liabilities	<u>254,000</u>
Net Position	
Unrestricted	<u>49,857</u>
Total net position	<u>\$ 49,857</u>

See accompanying notes to the basic financial statements.

CITY OF HILLIARD, OHIO

Statement of Revenues, Expenses and Change in Net Position

Internal Service Fund

Year Ended December 31, 2015

	Insurance Trust
<i>Operating Revenues</i>	
Charges for services	<u>\$ 2,189,487</u>
<i>Operating Expenses</i>	
Claims	<u>2,292,975</u>
Change in net position	(103,488)
Net position beginning of year	<u>153,345</u>
Net position end of year	<u>\$ 49,857</u>

See accompanying notes to the basic financial statements.

CITY OF HILLIARD, OHIO
Statement of Cash Flows
Internal Service Fund
Year Ended December 31, 2015

	Insurance Trust
<i>Cash Flows from Operating Activities</i>	
Cash received from customers	\$ 2,162,138
Cash payments for claims	<u>(2,264,975)</u>
<i>Net cash from operating activities</i>	(102,837)
 Cash and cash equivalents beginning of year	 <u>153,163</u>
Cash and cash equivalents end of year	<u>\$ 50,326</u>
 Reconciliation of operating loss to net cash from operating activities:	
Operating loss	\$ (103,488)
Adjustments to reconcile operating loss to net cash from operating activities:	
Change in due from other funds	(27,349)
Change in claims payable	<u>28,000</u>
 Net cash from operating activities	 <u>\$ (102,837)</u>

See accompanying notes to the basic financial statements.

CITY OF HILLIARD, OHIO

Statement of Fiduciary Assets and Liabilities

Agency Funds

December 31, 2015

Assets

Equity in pooled cash and cash equivalents	\$ 574,806
Cash and cash equivalents in segregated accounts	54,685
Accounts receivable	<u>8,764</u>
Total assets	<u>\$ 638,255</u>

Liabilities

Due to other governments	\$ 543,974
Deposits held and due to others	<u>94,281</u>
Total liabilities	<u>\$ 638,255</u>

See accompanying notes to the basic financial statements.

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements
Year Ended December 31, 2015

NOTE 1 – DESCRIPTION OF THE CITY AND REPORTING ENTITY

The City of Hilliard (the "City") is a home rule municipal corporation organized under the laws of the State of Ohio. The City operates under its own Charter. The current Charter, which provides for a Mayor-Council form of government, was adopted January 1, 1963, and was most recently amended November 3, 2009, effective January 1, 2010.

Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds and departments which comprise the legal entity of the City. The City provides various services including police protection, parks and recreation, planning, zoning, engineering, street maintenance, snow removal, refuse collection, and other governmental services. Water and sewer services are provided by the City of Columbus, although the City of Hilliard maintains the water and sewer lines. Norwich Township provides fire protection.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the City in that the City approves the organization's budget, the levying of its taxes or the issuance of its debt. The City has no component units.

The City of Hilliard Mayor's Court has been included in the City's financial statements as an agency fund. The Mayor is an elected City official who has a fiduciary responsibility for the collection and distribution of court fees and fines.

The City is associated with the Hilliard Arts Council Corporation which is defined as a related organization. In addition, in 2007 the City entered into agreement with Norwich Township, a legally separate organization, to construct and operate a facility to house the police protection services of the City and the fire protection services of Norwich Township. Finally, the City entered into an agreement to become a member of the Central Ohio Interoperable Radio System, a jointly governed organization. Information about the related organization, the joint venture, and the jointly governed organization is presented in Note 19 to the basic financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Hilliard have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The most significant of the City's accounting policies are described below.

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2015

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *continued*

A. Basis of Presentation

The City's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements, which provide a more detailed level of financial information.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses. Interfund services provided and used are not eliminated in the process of consolidation. The statements usually distinguish between those activities of the City that are governmental in nature and those that are considered business-type activities; however, the City has no activities which are reported as business-type.

The Statement of Net Position presents the financial condition of the governmental activities of the City at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program is self financing or draws from the general revenues of the City.

Fund Financial Statements

During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented on the face of the proprietary fund statements. Fiduciary funds are reported by type.

B. Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds utilized by the City: governmental, proprietary, and fiduciary.

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2015

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *continued*

B. Fund Accounting - *continued*

Governmental Funds

Governmental funds are those through which most governmental functions of the City typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and governmental fund deferred inflows of resources and liabilities is reported as fund balance. The following are the City's major governmental funds:

General Fund - This fund accounts for all financial resources except those required to be accounted for in another fund. The General Fund's balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Ohio and the Charter of the City.

Street Maintenance and Repair Fund – This fund is used to account for that portion of the state gasoline tax and motor vehicle registration fees restricted for maintenance and repair of streets within the City.

Street Improvement Municipal Tax Fund – This fund is used to account for a portion of the City's income tax collections to be used for repair and improvement of streets and highways.

Water and Sewer Revenue Fund – This fund is used to account for water and sewer tap fees and water and sewer surcharge revenues collected by the City of Columbus for the City of Hilliard. These revenues are used for upgrading and making minor repairs to water and sewer lines and paying debt related to these projects.

Tax Increment Financing (TIF) Fund – This fund is used to account for payments in lieu of taxes received from various business owners to be used for City-owned infrastructure improvements that will benefit the business owners' property.

Capital Improvement Municipal Tax Fund – This fund is used to account for 25 percent of the City's income tax collections and impact fees which are used for various capital improvements.

The other governmental funds of the City account for grants and other resources whose use is restricted or committed for a particular purpose.

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2015

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *continued*

B. Fund Accounting - *continued*

Proprietary Fund

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. The City's proprietary fund is an internal service fund.

Internal Service Fund – The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the City on a cost reimbursement basis. The City's internal service fund accounts for the payment of all City employees' medical, dental, and vision claims.

Fiduciary Funds

Fiduciary fund reporting focuses on assets and liabilities and changes in assets and liabilities. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. The City's only fiduciary funds are agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City has two agency funds which are used to account for the collection and distribution of court fines and forfeitures and for the collection and distribution of charges for inspections provided by other governments and entities along with capacity charges for another city.

C. Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the City are included on the Statement of Net Position. The Statement of Activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, current liabilities and deferred inflows of resources generally are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2015

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *continued*

C. Measurement Focus - *continued*

Like the government-wide statements, the proprietary fund type is accounted for using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of this fund are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position. The Statement of Cash Flows provides information about how the City finances and meets the cash flow needs of its proprietary activity.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements and the financial statements of the internal service and agency funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows of resources, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. "Measurable" means the amount of the transaction can be determined and "Available" means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the City, available means expected to be received within sixty days of year-end.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, municipal income taxes, payments in lieu of taxes, grants, entitlements, shared revenues, and donations. On the accrual basis, revenue from property taxes/payments in lieu of taxes is recognized in the year for which the taxes are levied. Revenue from municipal income taxes is recognized in the year in which the income is earned. Revenue from grants, entitlements, shared revenues, and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis.

On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2015

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *continued*

D. Basis of Accounting - *continued*

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: municipal income taxes, charges for services, interest on investments, intergovernmental revenues (including motor vehicle license tax, gasoline tax, and local government assistance), and grants.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

E. Cash and Cash Equivalents

To improve cash management, cash received by the City, except cash held by a fiscal or escrow agent and cash held in a segregated account, is pooled. Individual fund integrity is maintained through City records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements. Monies held by the Franklin County Engineer are presented in the financial statements as "Cash and Cash Equivalents with Fiscal Agent". Cash and cash equivalents that are held separately for Mayor's Court and not held in the City treasury are recorded on the financial statements as "Cash and Cash Equivalents in Segregated Accounts."

During 2015, the City invested in negotiable certificates of deposit, a money market account, and STAR Plus. STAR Plus is a cash management program that provides Ohio political subdivisions with access to hundreds of FDIC insured banks. Investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts, such as repurchase agreements, are reported at cost.

Interest income is distributed to the funds according to Ohio constitutional and statutory requirements. Interest revenue credited to the General Fund during 2015 amounted to \$47,717, which includes \$32,026 assigned from other funds.

Investments with an original maturity of three months or less at the time of purchase and investments of the cash management pool are reported on the financial statements as cash equivalents.

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2015

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *continued*

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2015, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and expenditure is reported in the year in which services are consumed.

G. Bond Premium, Deferred Charges on Refunding, and Debt Issuance Costs

Bond premiums are deferred and amortized over the term of the bonds using the straight-line method since the results are not significantly different from the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds payable.

The deferred charges on refunding bonds (difference between the reacquisition price and the net carrying amount of the old debt) is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter. It is reported as deferred outflows of resources.

Debt issuance costs are expensed when incurred.

H. Capital Assets

The City's only capital assets are general capital assets and contributions of capital assets from developers. General capital assets usually result from expenditures in governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost, which is determined by indexing the current replacement cost back to the year of acquisition) and updated for additions and deletions during the year. Donated capital assets are recorded at their fair market values on the date received. The City maintains a capitalization threshold of one thousand dollars, except for infrastructure which has a threshold of five thousand dollars. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed.

All capital assets except for land, road right of way, and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacements.

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2015

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *continued*

H. Capital Assets - *continued*

Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Buildings	20-40 years
Improvements Other Than Buildings	15-30 years
Machinery and Equipment	5-20 years
Furniture and Fixtures	7-20 years
Vehicles	5-20 years
Infrastructure	10-60 years

The City's infrastructure consists of curbs, streets, bridges, traffic signals, sidewalks, water lines, sewer lines, storm sewers, and street lights.

I. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, deferred outflows of resources are reported on the government-wide statement of net position for deferred charge on refunding and pensions. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pensions are explained in Note 9.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources until that time. For the City, deferred inflows of resources include property taxes, payment in lieu of taxes, unavailable revenue and pensions. Receivables from property taxes and payment in lieu of taxes represent amounts that were levied and measurable as of December 31, 2015, but are intended to finance 2016 operations. These amounts have been recorded as deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental fund financial statements and represent receivables that will not be collected within the available period (sixty days after year-end). The deferred inflows of resources related to pensions are explained in Note 9.

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2015

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *continued*

J. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

K. Compensated Absences

Vacation and compensatory time benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the City will compensate the employees for the benefits through paid time off or some other means. The City records a liability for accumulated unused vacation and compensatory time for all employees.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the City has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at year-end, taking into consideration any limits specified in the City's termination policy.

The entire compensated absences liability is reported on the government-wide financial statements. On governmental fund financial statements, compensated absences are reported as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the funds from which the employees will be paid.

L. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. All payables, accrued liabilities, and long-term obligations payable from the proprietary fund are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences that will be paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Long-term notes, loans, bonds, and capital leases are recognized as liabilities on the governmental fund financial statements when due.

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2015

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *continued*

M. Contributions of Capital

Contributions of capital arise from outside contributions of capital assets, grants or outside contributions of resources restricted to capital acquisitions and construction.

N. Net Position

Net position represents the difference of assets and deferred outflow of resources, less liabilities and deferred inflow of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include funds for the operation of recreational activities, improving the living environment of the City, and the operation of police programs.

The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

The government-wide Statement of Net Position reports \$18,372,505 of restricted net position, of which none was restricted by enabling legislation.

O. Interfund Transaction

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in the proprietary fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

P. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the internal service fund. For the City, these revenues are charges for services for employees' health claims. Operating expenses are the necessary costs incurred to provide the service that is the primary activity of the fund. Revenues and expenses that do not meet these definitions are reported as nonoperating.

Q. Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2015

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *continued*

R. Budgetary Process

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Council may appropriate. The appropriations ordinance is Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council. The legal level of control has been established by Council at the object level within each department.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Finance Director. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts set forth in the budgetary statements and schedules as final budgeted amounts represent estimates from the amended certificate in force at the time final appropriations were passed by Council.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriations resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by Council during the year, including all supplemental appropriations.

NOTE 3 – BUDGETARY BASIS OF ACCOUNTING

While reporting financial position and results of operations on the basis of generally accepted accounting principles (GAAP), the budgetary basis, as provided by law, is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statements of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Budget (Non-GAAP) Basis, are presented for the General Fund and the Street Maintenance and Repair, Street Improvement Municipal Tax, Water and Sewer Revenue, and TIF Major Special Revenue Funds to provide a meaningful comparison of actual results with the budget.

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a restriction, commitment, or assignment of fund balance (GAAP basis).
4. Advances-In and Advances-Out, when applicable, are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
5. Funds budgeted separately.

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2015

NOTE 3 – BUDGETARY BASIS OF ACCOUNTING - *continued*

The adjustments necessary to convert the results of operations for the year on the GAAP basis to the budget basis are as follows:

	General	Street Maintenance and Repair	Street Improvement Municipal Tax	Water and Sewer Revenue	TIF
GAAP Basis	\$ 1,630,678	\$ 196,032	\$ (75,288)	\$ 273,949	\$ 1,666,788
Funds reclassified	(37,293)	-	-	-	-
Revenue accruals	20,290	12,703	52,816	(32,434)	4
Expenditure accruals	(1,537,555)	(617,178)	(1,206,274)	(771,315)	(74,598)
Encumbrances	<u>630,542</u>	<u>305,051</u>	<u>575,289</u>	<u>374,280</u>	<u>37,297</u>
Budget Basis	<u>\$ 706,662</u>	<u>\$ (103,392)</u>	<u>\$ (653,457)</u>	<u>\$ (155,520)</u>	<u>\$ 1,629,491</u>

NOTE 4 – DEPOSITS AND INVESTMENTS

State statutes classify monies held by the City into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the City Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit, or by savings or deposit accounts including passbook accounts.

Interim monies are permitted to be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2015

NOTE 4 – DEPOSITS AND INVESTMENTS - *continued*

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and,
6. The State Treasurer's investment pool (STAROhio).

The City may also invest any monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio;
2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default of principal, interest or coupons; and
3. Obligations of the City.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Investments may only be made through specified dealers and institutions.

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure; the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year-end \$11,765,526 of the City's bank balance of \$26,694,576 was exposed to custodial credit risk because it was uninsured, and collateralized with securities held by the pledging financial institution.

The City has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the City or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2015

NOTE 4 – DEPOSITS AND INVESTMENTS - *continued*

Investments

As of December 31, 2015, the City had the following investments. All investments are in an internal investment pool.

	Fair Value	Investment Maturities			
		0 to 6 mos	7 to 12 mos	13 to 18 mos	19 to 24 mos
5/3rd Government Money Market	\$ 4,958	\$ 4,958	\$ -	\$ -	\$ -
Negotiable Certificates of Deposit	10,531,478	4,730,277	499,403	1,965,681	3,336,117
Total	<u>\$ 10,536,436</u>	<u>\$ 4,735,235</u>	<u>\$ 499,403</u>	<u>\$ 1,965,681</u>	<u>\$ 3,336,117</u>

Interest Rate Risk – The City's investment policy requires that an investment mature within two years from the date of purchase, unless matched to a specific obligation or debt of the City, and that an investment must be purchased with the expectation that it will be held to maturity. The City's policy states that all investments should be sufficiently liquid to meet all operating requirements that can be reasonably anticipated.

Credit Risk – Under normal circumstances, the 5/3rd Government Money Market Fund invests at least 80 percent of its assets in U.S. Government securities, repurchase agreements collateralized by these securities, and shares of money market investment companies that invest exclusively in these securities. The City's investment policy limits investments to those authorized by State statute.

Concentration of Credit Risk – The City places no limit on the amount it may invest in any one issuer; however, investments are limited to low risk securities with the expectation of earning market rate of return. The City's investments in 5/3rd Government Money Market and negotiable Certificates of Deposit represent less than 1% and 99%, respectively, of the City's total investments.

NOTE 5 – PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2015 for real and public utility property taxes represents collections of 2014 taxes.

2015 real property taxes are levied after October 1, 2015, on the assessed value as of January 1, 2015, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2015 real property taxes are collected in and intended to finance 2016.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2015 public utility property taxes became a lien December 31, 2014, are levied after October 1, 2015, and are collected in 2015 with real property taxes.

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2015

NOTE 5 – PROPERTY TAXES - *continued*

Real property taxes are payable annually or semi-annually. If paid annually, the payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

The County Treasurer collects property taxes on behalf of all taxing districts within the County, including the City of Hilliard. The County Auditor periodically remits to the City its portion of the taxes. Property taxes receivable represents real property taxes, public utility taxes, and outstanding delinquencies which are measurable as of December 31, 2015, and for which there is an enforceable legal claim. In the governmental funds, the entire receivable has been included in deferred inflows of resources, since the current taxes were not levied to finance 2015 operations and the outstanding delinquencies were unavailable. On a full accrual basis, collectible delinquent property taxes have been recorded as revenue while the remainder of the receivable is reported as deferred inflows of resources since the current taxes were levied to finance a future period.

The full tax rate for all City operations for the year ended December 31, 2015, was \$1.60 per \$1,000 of assessed value. The assessed values of real and public utility property upon which 2015 property tax receipts were based are as follows:

Category	Assessed Value
Real Property	\$ 875,839,620
Public Utility Property	17,549,320
Totals	<u>\$ 893,388,940</u>

Public Utility Property consists of both real property and tangible personal property.

NOTE 6 – MUNICIPAL INCOME TAX

The City levies a municipal income tax of 2.0 percent on all salaries, wages, commissions, other compensation and on net profits earned within the City as well as on incomes of residents earned outside the City. However, the City allows a credit for income taxes paid to another municipality up to 100 percent of the City's current tax rate.

Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually.

Income tax proceeds are distributed to the General Fund, Street Improvement Municipal Tax Special Revenue Fund, and the Capital Improvements Municipal Tax Capital Projects Fund as required by City Administrative Code.

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, continued
Year Ended December 31, 2015

NOTE 7 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2015, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
<i>Capital assets not being depreciated:</i>				
Land	\$ 4,726,587	\$ 2,269,638	\$ -	\$ 6,996,225
Construction in progress	4,737,316	7,148,694	(1,990,869)	9,895,141
Total capital assets not being depreciated	<u>9,463,903</u>	<u>9,418,332</u>	<u>(1,990,869)</u>	<u>16,891,366</u>
<i>Capital assets being depreciated:</i>				
Buildings	11,563,400	-	-	11,563,400
Improvements other than buildings	10,325,931	125,557	-	10,451,488
Machinery and equipment	5,892,283	266,342	(359,553)	5,799,072
Furniture and fixtures	622,481	54,559	-	677,040
Vehicles	3,120,995	459,388	(192,431)	3,387,952
Infrastructure	400,163,730	6,417,344	-	406,581,074
Total capital assets being depreciated	<u>431,688,820</u>	<u>7,323,190</u>	<u>(551,984)</u>	<u>438,460,026</u>
Less accumulated depreciation:				
Buildings	(4,417,353)	(338,404)	-	(4,755,757)
Improvements other than buildings	(3,663,652)	(418,997)	-	(4,082,649)
Machinery and equipment	(4,157,527)	(463,623)	351,727	(4,269,423)
Furniture and fixtures	(442,039)	(45,465)	-	(487,504)
Vehicles	(2,118,191)	(343,743)	146,699	(2,315,235)
Infrastructure	(186,136,630)	(10,263,090)	-	(196,399,720)
Total accumulated depreciation	<u>(200,935,392)</u>	<u>(11,873,322)</u>	<u>498,426</u>	<u>(212,310,288)</u>
Total capital assets being depreciated, net	<u>230,753,428</u>	<u>(4,550,132)</u>	<u>(53,558)</u>	<u>226,149,738</u>
 Capital assets, net	 <u>\$ 240,217,331</u>	 <u>\$ 4,868,200</u>	 <u>\$ (2,044,427)</u>	 <u>\$ 243,041,104</u>

For the year ended December 31, 2015, the value of the assets donated to the City was \$4,426,475.

Depreciation expense was charged to the governmental programs as follows:

General government	\$ 235,441
Security of persons and property	555,106
Leisure time activities	457,870
Community environment	148,358
Basic utility services	5,427,350
Transportation	5,049,197
Total depreciation expense	<u>\$ 11,873,322</u>

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2015

NOTE 8 – RECEIVABLES

Receivables at December 31, 2015, consisted of property and other local taxes, payments in lieu of taxes, municipal income taxes, accounts, intergovernmental receivables arising from grants, entitlements and shared revenues, and interfund receivables. All receivables are considered fully collectible.

NOTE 9 – DEFINED BENEFIT PENSION PLANS

Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the City's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the City's obligation for this liability to annually required payments. The City cannot control benefit terms or the manner in which pensions are financed; however, the City does receive the benefit of employees' services in exchange for compensation including pension.

GASB Statement No. 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in intergovernmental payable on both the accrual and modified accrual bases of accounting.

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, continued
Year Ended December 31, 2015

NOTE 9 – DEFINED BENEFIT PENSION PLANS - continued

Plan Description – Ohio Public Employees Retirement System (OPERS)

City employees, other than full-time police, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan and the Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g., City employees) may elect the Member-Directed Plan and the Combined Plan, the majority of employee members are in OPERS' Traditional Plan; therefore, the following disclosures focus on the Traditional Pension Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the Traditional Plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code (ORC). OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to Ohio Public Employees Retirement System, 277 East Town Street, Columbus, OH 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the Traditional Pension Plan as per the reduced benefits adopted by SB 343 (see OPERS' CAFR referenced above for additional information):

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of Service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by year of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2015

NOTE 9 – DEFINED BENEFIT PENSION PLANS - *continued*

Final average salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3% simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3%.

Funding Policy—The ORC provides statutory authority for member and employer contributions as follows:

	State and Local	
2015 Statutory Maximum Contribution Rates		
Employer	14.0	%
Employee	10.0	%
2015 Actual Contribution Rates		
Employer:		
Pension	12.00	%
Post-employment Health Care Benefits	2.00	%
Total Employer	14.00	%
Employee:	10.0	%

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$707,505 for 2015. Of this amount, \$61,695 is reported as due to other governments.

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2015

NOTE 9 – DEFINED BENEFIT PENSION PLANS - *continued*

Plan Description – Ohio Police & Fire Pension Fund (OP&F)

City full-time police participate in the Ohio Police & Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered by OP&F. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code (ORC). OP&F issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OP&F fiduciary net position. The report may be obtained by visiting the OP&F website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, OH 43215-5164.

Upon attaining a qualifying age with sufficient years of service, a member of OP&F may retire and receive a lifetime monthly pension. OP&F offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member's average annual salary. The following discussion of the pension formula relates to normal service retirement.

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5% for each of the first 20 years of service credit, 2.0% for each of the next five years of service credit and 1.5% for each year of service credit in excess of 25 years. The maximum pension of 72% of the allowable average annual salary is paid after 33 years of service credit.

Under normal service retirement, retired members who are at least 55 years old and have been receiving OP&F benefits for at least one year may be eligible for a cost-of-living adjustment (COLA). The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit and statutory survivors.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either 3% or the percent increase, if any, in the consumer price index (CPI) over the 12-month period ending September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to 3% of their base pension or disability benefit.

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, continued
Year Ended December 31, 2015

NOTE 9 – DEFINED BENEFIT PENSION PLANS - continued

Funding Policy—The ORC provides statutory authority for member and employer contributions as follows:

	<u>Police</u>	
2015 Statutory Maximum Contribution Rates		
Employer	19.50	%
Employee:		
January 1, 2015 through July 1, 2015	11.50	%
July 2, 2015 through December 31, 2015	12.25	%
2015 Actual Contribution Rates		
Employer:		
Pension	19.00	%
Post-employment Health Care Benefits	0.50	%
Total Employer	19.50	%
Employee:		
January 1, 2015 through July 1, 2015	11.50	%
July 2, 2015 through December 31, 2015	12.25	%

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$922,811 for 2015. Of this amount, \$69,788 is reported as due to other governments.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability for OPERS was measured as of December 31, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2014, and was determined by rolling forward the total pension liability as of January 1, 2014, to December 31, 2014. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportionate Share of Net Pension Liability	\$ 5,293,745	\$ 10,704,384	\$ 15,998,129
Proportion of Net Pension Liability	0.043891%	0.2066317%	
Pension Expense	\$ 575,834	\$ 1,044,163	\$ 1,619,997

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, continued
Year Ended December 31, 2015

NOTE 9 – DEFINED BENEFIT PENSION PLANS - continued

At December 31, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS	OP&F	Total
<u>Deferred Outflows of Resources</u>			
Net differences between projected and actual investment earnings	\$ 282,458	\$ 461,349	\$ 743,807
City contributions subsequent to the measurement date	707,505	922,811	1,630,316
	<u>\$ 989,963</u>	<u>\$ 1,384,160</u>	<u>\$ 2,374,123</u>
<u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	\$ 93,001	\$ -	\$ 93,001

\$1,630,316 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS	OP&F	Total
Year Ending December 31:			
2016	\$ 27,703	\$ 115,337	\$ 143,040
2017	27,703	115,337	143,040
2018	63,434	115,337	178,771
2019	70,617	115,338	185,955
	<u>\$ 189,457</u>	<u>\$ 461,349</u>	<u>\$ 650,806</u>

Actuarial Assumptions – OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2015

NOTE 9 – DEFINED BENEFIT PENSION PLANS - *continued*

Wage inflation	3.75%
Future salary increases, including inflation	4.25% to 10.05%, including wage inflation
COLA or Ad Hoc COLA	3%, simple
Investment rate of return	8%
Actuarial cost method	Individual entry age

Mortality rates were based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105% of the combined healthy male mortality rates were used. For females, 100% of the combined health female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males, 120% of the disabled female mortality rates were used set forward two years. For females, 100% of the disabled female mortality rates were used.

The most recent experience study was completed for the five-year period ended December 31, 2010.

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan and the VEBA Trust. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is 6.95% for 2014.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2014 and the long-term expected real rates of return:

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, continued
Year Ended December 31, 2015

NOTE 9 – DEFINED BENEFIT PENSION PLANS - continued

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00%	2.31%
Domestic Equities	19.90%	5.84%
Real Estate	10.00%	4.25%
Private Equity	10.00%	9.25%
International Equities	19.10%	7.40%
Other Investments	<u>18.00%</u>	<u>4.59%</u>
Total	<u>100.00%</u>	<u>5.28%</u>

Discount Rate. The discount rate used to measure the total pension liability was 8%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following table represents the City's proportionate share of the net pension liability calculated using the current period discount rate assumption of 8%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage point lower (7%) and one-percentage point higher (9%) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate of 8.00%	1% Increase (9.00%)
City's proportionate share of the net pension liability	\$ 9,739,069	\$ 5,293,745	\$ 1,549,806

Actuarial Assumptions – OP&F

OP&F's total pension liability as of December 31, 2014 is based on the results of an actuarial valuation date of January 1, 2014, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past experiences and new estimates are made about the future.

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2015

NOTE 9 – DEFINED BENEFIT PENSION PLANS - *continued*

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2014, are presented below:

Valuation date	January 1, 2014
Actuarial cost method	Entry age normal
Investment rate of return	8.25%
Projected salary increases	4.25% to 11.00%
Payroll increases	3.75%
Inflation assumptions	3.25%
Cost of living adjustments	2.60% and 3.00%

Rates of death are based on the RP2000 Combined Table, age-adjusted as follows. For active members, set back six years. For disability retirements, set forward five years for police and three years for firefighters. For service retirements, set back zero years for police and two years for firefighters. For beneficiaries, set back zero years. The rates are applied on a fully generational basis, with a base year of 2009, using mortality improvement Scale AA.

The most recent experience study was completed January 1, 2012.

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2014 are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Cash and cash equivalents	-%	(0.25)%
Domestic equity	16.00%	4.47%
Non-US equity	16.00%	4.47%
Core fixed income*	20.00%	1.62%
Global inflation protected*	20.00%	1.33%
High yield	15.00%	3.39%
Real estate	12.00%	3.93%
Private markets	8.00%	6.98%
Timber	5.00%	4.92%
Master limited partnerships	<u>8.00%</u>	7.03%
Total	<u>120.00%</u>	
* levered 2x		

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2015

NOTE 9 – DEFINED BENEFIT PENSION PLANS - *continued*

OP&F's Board of Trustees has incorporated the "risk parity" concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.2 times due to the application of leverage in certain fixed income asset classes.

Discount Rate. The total pension liability was calculated using the discount rate of 8.25%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return of 8.25%. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.25%, as well as what the net pension liability would be if it were calculated using a discount rate that is one-percentage point lower (7.25%) or one-percentage point higher (9.25%) than the current rate.

	1% Decrease (7.25%)	Current Discount Rate of 8.25%	1% Increase (9.25%)
City's proportionate share of the net pension liability	\$ 14,805,782	\$ 10,704,384	\$ 7,231,746

NOTE 10 – POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains two cost-sharing multiple employer defined benefit post-employment health care trusts, which fund multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage.

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2015

NOTE 10 – POSTEMPLOYMENT BENEFITS - *continued*

In order to qualify for health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must have 20 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. Please see the Plan Statement in the OPERS 2014 CAFR.

The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible benefit recipients. Authority to establish and amend health care coverage is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

The Ohio Revised Code provides the statutory authority requiring public employers to fund health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2015, state and local employers contributed at a rate of 14.0% of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active members' contributions do not fund health care.

OPERS maintains three health care trusts. The two cost-sharing, multiple-employer trusts, the 401(h) Health Care Trust and the 115 Health Care Trust, work together to provide health care funding to eligible retirees of the Traditional Pension and Combined plans. The third trust is a Voluntary Employee's Beneficiary Association (VEBA) that provides funding for a Retiree Medical Account for Member-Directed Plan members. Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0% during calendar year 2015. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2016 remained at 2.0% for both plans. The Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited to the VEBA for participants in the Member-Directed Plan for 2015 was 4.5%.

Actual employer contributions for 2015, 2014 and 2013 which were used to fund post-employment benefits were approximately \$123,733, \$104,945 and \$57,146, respectively.

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2015

NOTE 10 – POSTEMPLOYMENT BENEFITS - *continued*

Ohio Police and Fire Pension Fund

The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored health care program, a cost sharing multiple-employer defined postemployment health care plan administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code allows, but does not mandate OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the Plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164 or on OP&F's website at www.op-f.org.

The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5% of covered payroll for police employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5% of covered payroll for police employer units. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. The portion of employer contributions allocated to health care was 0.5% of covered payroll throughout 2015. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2015

NOTE 10 – POSTEMPLOYMENT BENEFITS - *continued*

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. The City's actual contributions for 2015, 2014 and 2013 that were used to fund post-employment benefits were approximately \$24,624, \$23,147 and \$154,100, respectively.

NOTE 11 – OTHER EMPLOYEE BENEFITS

Compensated Absences

Accumulated Unpaid Vacation

City employees earn vacation leave at varying rates based upon length of service. Vacation can accumulate to a maximum of 400 hours. When an employee terminates employment, he/she is paid for 100 percent of their unused vacation leave. City employees can also earn compensatory time. Compensatory time is paid at one and one-half times an employee's regular rate. Employees with time remaining upon termination of their employment will be paid for any unused compensatory time.

Accumulated Unpaid Sick Leave

City employees earn sick leave at the rate of four and six tenths hours per eighty hours of service. Sick leave is cumulative without limit. In the case of death or retirement, an employee (or his/her estate) is paid 50 percent of accumulated sick leave up to a maximum payment of 500 hours.

Deferred Compensation

City employees may participate in Mass Mutual, ING or Ohio Public Employees Deferred Compensation Plans. These plans were created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plans permit deferral of compensation until future years. According to the plans, the deferred compensation is not available until termination, retirement, death, or an unforeseeable emergency.

NOTE 12 – CAPITAL LEASES - LESSEE DISCLOSURE

The City has leases for a building, vehicles and equipment. The building lease meets the criteria of a capital lease as the present value of the minimum lease payments at the beginning of the lease equals the fair value of the leased property. While the vehicle and equipment leases meet the criteria which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the Basic Financial Statements for the governmental funds. These expenditures are reflected as program/function expenditures on a budgetary basis.

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2015

NOTE 12 – CAPITAL LEASES - LESSEE DISCLOSURE - *continued*

On June 25, 2007, the City entered into an agreement with Norwich Township (the "Township"), a separate legal entity, for the joint construction and management of a public safety building. The building was constructed and is owned and managed by the Township. Initially the Township paid the entire cost of the building construction. The City entered into a 30-year lease agreement with the Township under which the City will pay its allocated portion of the construction cost which totaled \$6,417,386. The lease agreement began upon completion of the building and the first lease payment was made on June 1, 2009. The present value of the minimum lease payments equals the cost of construction allocated to the City and has been included as a capital asset and a long term liability in the Statement of Net Position.

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2015 were as follows:

Year Ending December 31,	Safety Building and Equipment Leases
2016	\$ 476,240
2017	389,679
2018	389,679
2019	389,679
2020	389,679
2021-2025	1,948,396
2026-2030	1,948,397
2031-2035	1,948,400
2036-2038	1,169,039
Total	\$ 9,049,188
Less: amount representing interest	(3,417,449)
Present value of net minimum lease payments	<u>\$ 5,631,739</u>

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2015

NOTE 13 – RISK MANAGEMENT

Property and Liability Insurance

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2015, the City contracted with several different insurance providers for property, liability, and automobile insurance.

Settled claims have not exceeded this commercial coverage in any of the past three years. There was no significant reduction in the level of coverage from the prior year.

Health Insurance

The City maintains a self-funded health insurance program with claims processed by Central Benefits on behalf of the City. The Insurance Trust Fund (an internal service fund) was created in 1989 to account for and finance the health insurance program. As an integral part of the health insurance program, stop loss coverage has been purchased covering claims in excess of \$75,000 per individual and \$1,000,000 per occurrence.

All funds of the City from which employee salaries are paid participate in the health insurance programs and make payments to the Insurance Trust Fund based on the amounts needed to make claim payments. Total contributions to the program during 2015 were \$2,189,487. The claims liability of \$254,000 reported in the Insurance Trust Fund at December 31, 2015, is based on the requirements of *GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues,"* as amended by *GASB Statement No. 30 "Risk Management Omnibus,"* which requires that a liability for claims be reported if information prior to issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Estimates were calculated by using actual claims reports for several months following the balance sheet date. This estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

Changes in the Insurance Trust Fund's claims liability amount for 2013, 2014, and 2015 were:

Year	Balance at Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
2013	\$ 233,000	\$ 1,721,214	\$(1,812,214)	\$ 142,000
2014	142,000	2,141,434	(2,057,434)	226,000
2015	226,000	2,292,975	(2,264,975)	254,000

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, continued
Year Ended December 31, 2015

NOTE 14 – LONG -TERM OBLIGATIONS

Changes in governmental activities long-term obligations during 2015 were as follows:

Type/Issues	Beginning Balance	Issued	Retired	Refunded	Ending Balance	Due Within One Year
Notes & Loans Payable:						
2005 OWDA Loan 3% \$2,234,466	\$ 1,419,591	\$ -	\$ (219,341)	\$ -	\$ 1,200,250	\$ 225,971
2012 OPWC Loan \$2,730,423	2,566,598	-	(163,826)	-	2,402,772	54,608
2014 Tax-Exempt Notes 1% \$4,285,000	4,285,000	-	-	(4,285,000)	-	-
2014 Taxable Notes 1% \$6,500,000	6,500,000	-	-	(6,500,000)	-	-
2015 Taxable Notes 1% \$4,275,000	-	4,275,000	-	-	4,275,000	4,275,000
2015 Taxable Notes 1% \$3,000,000	-	3,000,000	-	-	3,000,000	3,000,000
Total Notes & Loans Payable	14,771,189	7,275,000	(383,167)	(10,785,000)	10,878,022	7,555,579
Unvoted General Obligation Bonds:						
2005 Various Purpose and Refunding 3.0 - 5.0% \$20,175,000	4,020,000	-	(1,140,000)	-	2,880,000	215,000
2007 Various Purpose & Refunding 4.0 - 5.0% \$7,975,000	1,040,000	-	(330,000)	-	710,000	345,000
2009 Various Purpose 2.25 - 5.0% \$15,540,000	11,645,000	-	(650,000)	(2,775,000)	8,220,000	675,000
2011 Various Purpose 2.0 - 4.25% \$8,020,000	6,585,000	-	(450,000)	-	6,135,000	340,000
2012 Various Purpose 2.0 - 5.0% \$11,085,000	10,135,000	-	(825,000)	-	9,310,000	850,000
2013 Refunding 1.0 - 3.5% \$8,905,000	8,585,000	-	(120,000)	-	8,465,000	910,000
2014 Refunding 2.0 - 4.0%, \$5,160,000	5,040,000	-	(50,000)	-	4,990,000	50,000
2015 Various Purpose & Refunding 4.0%, \$8,745,000	-	8,745,000	(320,000)	-	8,425,000	195,000
Total General Obligation Bonds	47,050,000	8,745,000	(3,885,000)	(2,775,000)	49,135,000	3,580,000
Other Long-Term Obligations:						
Compensated Absences	1,915,850	996,071	(1,052,754)	-	1,859,167	1,038,402
Premium on GO Bonds Issued	2,722,640	1,260,402	(293,724)	(144,521)	3,544,797	-
Capital Leases	5,848,276	-	(216,537)	-	5,631,739	225,384
Net Pension Liabilities:						
OPERS	5,174,177	119,568	-	-	5,293,745	-
OP&F	10,063,612	640,772	-	-	10,704,384	-
Total Other Long-Term Obligations	25,724,555	3,016,813	(1,563,015)	(144,521)	27,033,832	1,263,786
Total Long-Term Obligations	\$ 87,545,744	\$ 19,036,813	\$ (5,831,182)	\$ (13,704,521)	\$ 87,046,854	\$ 12,399,365

The OWDA and OPWC loans will be paid from the Capital Improvements Municipal Tax Capital Projects Fund.

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2015

NOTE 14 – LONG -TERM OBLIGATIONS - *continued*

Generally, all voted and unvoted general obligation bond issues and notes payable will be paid through the Street Improvement Municipal Tax, Water and Sewer Revenue and Tax Increment Financing Special Revenue Funds and the Capital Improvements Municipal Tax Capital Projects Fund.

Capital leases were paid from the Capital Improvement Municipal Tax Capital Projects Fund.

Compensated absences will be paid from the General Fund, the Street Maintenance and Repair, and the Water and Sewer Special Revenue Funds.

In April 2015, the City issued \$8,745,000 of Refunding Bonds, Series 2015. The bonds were issued to refinance the 2014C Various Purpose Notes of \$6,500,000 and advance refund \$2,775,000 of Series 2009 Various Purpose Bonds. The bonds will mature December 1, 2035 and bear an interest rate of 4.0%. The advance refunding reduced the City's total debt service payments over 13 years by \$247,769 to obtain an economic gain (difference between the present values of the debt service payments on the old and new bonds) of \$217,494.

In April 2015, the City issued \$4,275,000 in Series 2015B Various Purpose Tax-Exempt Notes to refinance notes originally issued for construction and improvements to infrastructure and utility systems. The notes bear interest of 1.0% and mature on April 22, 2016.

In April 2015, the City issued \$3,000,000 of Series 2015C Various Purpose Taxable Notes to finance construction, improvements and acquisition of equipment. The notes bear interest of 1.0% and mature on April 22, 2016.

As of December 31, 2015, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$91,339,039 with an unvoted debt margin of \$46,669,592.

Principal and interest requirements to retire the City's long-term obligations outstanding at December 31, 2015, are:

	OWDA Loans		General Obligation Bonds		OPWC Loan	
Year	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 225,971	\$ 34,326	\$ 3,580,000	\$ 2,588,129	\$ 54,608	\$ -
2017	232,801	27,495	3,640,000	2,439,629	109,217	-
2018	239,837	20,459	3,710,000	2,057,204	109,217	-
2019	247,086	13,210	3,760,000	1,899,304	109,217	-
2020	254,555	5,741	3,920,000	1,729,654	109,217	-
2021-2025	-	-	19,795,000	5,777,284	546,085	-
2026-2030	-	-	8,900,000	1,465,120	546,085	-
2031-2035	-	-	1,830,000	-	546,085	-
2036-2038	-	-	-	-	273,041	-
Totals	<u>\$ 1,200,250</u>	<u>\$ 101,231</u>	<u>\$ 49,135,000</u>	<u>\$ 17,956,324</u>	<u>\$ 2,402,772</u>	<u>\$ -</u>

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2015

NOTE 15 – INTERFUND TRANSACTIONS

Amounts due to/due from other funds at December 31, 2015 were as follows:

	<u>Due From</u>	<u>Due To</u>
Governmental Funds:		
General Fund	\$ 36,404	\$ 216,768
Street Maintenance and Repair Fund	-	19,242
Water and Sewer Revenue Fund	-	35,950
Nonmajor Governmental Funds	-	17,975
	<u>36,404</u>	<u>289,935</u>
Internal Service Fund	<u>253,531</u>	<u>-</u>
	<u>\$ 289,935</u>	<u>\$ 289,935</u>

The outstanding balances between funds result mainly from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur.

Transfers are used to move revenues from one fund that statute or budget requires to collect them to the fund that statute or budget required to expend them or move unrestricted revenues collected in the General Fund to finance various programs and projects accounted for in other funds in accordance with budgetary authorizations. During 2015, the City transferred \$2,308,880 from the General Fund to the Capital Improvement Municipal Tax Fund to finance various capital projects. Transfers between governmental funds are eliminated for reporting on the statement of activities.

NOTE 16 – FUND BALANCES

Fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the City is "bound to honor constraints on the specific purposes for which amounts in the fund can be spent" in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The components for reporting the City's fund balance are nonspendable, restricted, committed, assigned and unassigned. Restricted fund balance includes those amounts that are restricted by parties outside of the City and pursuant to enabling legislation. Committed fund balance describes the portion of fund balance that has been limited by use by approval of City Council. City Council is the City's highest level of decision making. Fund balance commitments are established, modified, or rescinded by City Council action through passage of an ordinance. Assigned fund balance includes amounts that have an intended use by City, but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amounts that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the City Council. The City Council has authorized the Finance Director to assign fund balance for purchases on order provided those amounts have been lawfully appropriated. The unassigned fund balance represents the residual net resources.

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, continued
Year Ended December 31, 2015

NOTE 16 – FUND BALANCES - continued

The City considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The City does not have a formal policy for its use of unrestricted fund balance amounts; therefore, it considers committed amounts used first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Fund Balances	General	Street Maintenance and Repair	Street Improvement Municipal Tax	Water and Sewer Revenue	TIF	Capital Improvement Municipal Tax	Nonmajor Governmental Funds	Total Governmental Funds
<i>Nonspendable:</i>								
Prepays	\$ 40,817	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,817
<i>Restricted for:</i>								
Infrastructure improvements	-	1,083,244	-	-	7,056,746	-	440,363	8,580,353
Public safety programs	-	-	-	-	-	-	104,820	104,820
Capital outlay	-	-	-	-	-	9,856,510	346,607	10,203,117
Utility improvements	-	-	-	604,242	-	-	16,850	621,092
Total Restricted	-	1,083,244	-	604,242	7,056,746	9,856,510	908,640	19,509,382
<i>Committed to:</i>								
Engineering	79,139	-	-	-	-	-	-	79,139
Utility operations	-	-	-	931,906	-	-	-	931,906
HR study	7,093	-	-	-	-	-	-	7,093
Infrastructure improvements	-	-	2,458,554	-	-	-	-	2,458,554
Park maintenance	-	-	-	-	-	-	460,872	460,872
Total committed	86,232	-	2,458,554	931,906	-	-	460,872	3,937,564
<i>Assigned to:</i>								
Purchases on order	344,930	-	-	-	-	-	-	344,930
Total assigned	344,930	-	-	-	-	-	-	344,930
<i>Unassigned (deficit)</i>	11,937,982	-	-	-	-	-	(4,161)	11,933,821
Total Fund Balance	<u>\$ 12,409,961</u>	<u>\$ 1,083,244</u>	<u>\$ 2,458,554</u>	<u>\$ 1,536,148</u>	<u>\$ 7,056,746</u>	<u>\$ 9,856,510</u>	<u>\$ 1,365,351</u>	<u>\$ 35,766,514</u>

Minimum Fund Balance Policy

On December 16, 2013, the City adopted an ordinance establishing a reserve fund to maintain a target fund balance of 25% of the City's annual budgeted expenditures in the General Fund for that budget year. This amount is intended to minimize volatility in providing City programs, projects, and levels of service to its citizens. Use of funds must be authorized by passage of an ordinance by City Council and be replenished no later than December 31st of the following year.

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, continued
Year Ended December 31, 2015

NOTE 17 – CONDUIT DEBT OBLIGATIONS

From time to time, the City has issued industrial revenue development bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from the payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2015, there were two series of industrial revenue development bonds outstanding with an aggregate principal amount payable of \$955,000.

NOTE 18 – CONTRACTUAL COMMITMENTS

As of December 31, 2015, the City had contractual purchase commitments as follows:

Vendor	Contract Amount	Amount Expended	Balance 12/31/15
2K General Company	\$ 5,005,006	\$ 4,512,178	\$ 492,828
Advanced Civil Design	140,000	30,891	109,109
Atkins & Stang, Inc.	118,000	-	118,000
Burgess & Niple	243,880	161,257	82,623
Dinkmar	49,950	-	49,950
E.P. Ferris & Associates, Inc.	78,500	3,841	74,659
Evans, Mechwart, Hambleton & Tilton	126,000	71,541	54,459
Facemyer Company	914,212	56,729	857,483
GPD Group	120,000	8,916	111,084
Janco	510,000	381,967	128,033
Madison Tri-State Properties	131,733	-	131,733
Miller Site Management	428,922	77,371	351,551
MS Consultants, Inc.	318,582	243,879	74,703
Ohio River Pipe Line, LLC	1,408,386	1,053,427	354,959
Signcom	39,000	-	39,000
Stantec Consulting Services, Inc.	305,000	218,385	86,615
Strawser Paving Co., Inc.	2,858,327	2,487,685	370,642
Thompson Building Associates	98,477	46,750	51,727
URS Corporation	267,525	70,910	196,615
	<u>\$ 13,161,500</u>	<u>\$ 9,425,727</u>	<u>\$ 3,735,773</u>

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2015

NOTE 18 – CONTRACTUAL COMMITMENTS - *continued*

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed in all funds. On the GAAP basis of accounting, encumbrances do not constitute expenditures or liabilities. There were outstanding encumbrances in the six major governmental funds and in the nonmajor funds at December 31, 2015: \$630,542 in the General Fund, \$305,051 in the Street Maintenance and Repair Fund, \$575,289 in the Street Improvement Municipal Tax Fund, \$374,280 in the Water and Sewer Revenue Fund, \$37,297 in the TIF Fund, \$4,246,286 in the Capital Improvement Municipal Tax Fund and \$1,468,554 in the Nonmajor Funds.

NOTE 19 – RELATED ORGANIZATIONS

Hilliard Arts Council Corporation

The Hilliard Arts Council Corporation (the Corporation) is a separately created nonprofit (501(c)(3)) organization. The Corporation is governed by an eleven member Board of Trustees appointed as follows: four members appointed by the Hilliard City Council, one member appointed by the Hilliard Area Chamber of Commerce, one member appointed by the Hilliard Recreation and Parks Director, one member appointed by the Hilliard City School District, and four members appointed by the Mayor of the City of Hilliard. The Trustees adopt their own budget, hire and fire their own staff, authorize expenditures, and do not rely on the City to finance deficits. The City cannot influence the Corporation's operations, nor does the Corporation represent a potential financial benefit or burden to the City.

Norwich Township

The City and Norwich Township entered into a Joint Construction and Management Agreement which provides for the renovation, construction, management and use of a combined fire and police facility. Renovation was completed in December of 2008 and the City moved to the new facility in early 2009. The facility houses Township administration offices, City of Hilliard Mayor's Court, City of Hilliard Police Department, City of Hilliard Communications and Norwich Township Fire Department. In addition to the joint agreement, the City provides police services to the unincorporated areas of the Township through a separate agreement and dispatching services for the fire department under a separate agreement. The Township provides fire protection and emergency medical services to the incorporated and unincorporated areas of the Township.

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2015

NOTE 19 – RELATED ORGANIZATIONS - *continued*

Central Ohio Interoperable Radio System

The Central Ohio Interoperable Radio System (COIRS) is a jointly governed organization between the City of Dublin, City of Worthington and Delaware County (the “members”). The intent of the COIRS is for the members to share in providing the financial resources and infrastructure needed to operate a digital 800MHZ public safety radio system used for dispatching emergency response and law enforcement services across the member jurisdictions. The COIRS is contracted by a Governing Board consisting of the County Administrator and the city managers for each city, or their representative. Each member’s ability to influence the operations of COIRS is limited to its representation on the Governing Board. Appropriations are adopted by the Governing Board who exercised control over the operation and maintenance of COIRS. Each member initially contributed radio system infrastructure assets, and annually, are assessed a required contribution based on its utilization of the system and related operating costs. In April 2014, the City of Hilliard made a one-time, lump sum cash contribution of \$2,006,865 to become a member of COIRS. The City of Dublin serves as the fiscal agent. Financial information may be obtained from the City of Dublin, 5200 Emerald Parkway, Dublin, Ohio 43017.

NOTE 20 – CONTINGENT LIABILITIES

Federal and State Grants

For the year ended December 31, 2015, the City received federal and state grants for specific purposes that are subject to review and audit by grantor agencies or their designees. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would be immaterial.

NOTE 21 – SUBSEQUENT EVENTS

In April 2016, the City issued \$8,205,000 in Series 2016A General Obligation Various Purpose Bonds to currently refund the Series 2005 General Obligation Various Purpose Bonds and advance refund a portion of the Series 2009 Various Purpose Bonds. The bonds bear interest between 2% - 4% and mature on December 1, 2029. The bonds bear interest of 4% and mature on December 1, 2035.

In April 2016, the City issued \$6,500,000 Series 2016 Various Purpose Notes to refinance various capital projects for the City and currently refund the Series 2015C Various Purpose Notes.

In April 2016, the City issued \$3,855,000 Series 2016B Various Purpose Bonds to retire the Series 2015B Various Purpose Notes.

CITY OF HILLIARD, OHIO
Notes to the Basic Financial Statements, *continued*
Year Ended December 31, 2015

NOTE 22 – CHANGE IN ACCOUNTING PRINCIPALS AND RESTATEMENT

For 2015, the City implemented the Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. GASB Statement No. 68 established standards for measuring and recognizing pension liabilities, deferred outflows of resources, deferred inflows of resources, and expense.

The implementation of this pronouncement had the following effect on net position as reported December 31, 2014:

	<u>Governmental Activities</u>
Net Position at December 31, 2014	\$ 209,436,360
Adjustments:	
Net pension liability	(15,237,789)
Deferred outflows - payments subsequent to measurement date	<u>1,510,463</u>
Restated Net Position at December 31, 2014	<u>\$ 195,709,034</u>

Other than employer contributions subsequent to the measurement date, the City made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

Required Supplementary Information

CITY OF HILLIARD, OHIO

Required Supplementary Information

Schedule of City's Proportionate Share of the Net Pension Liability

Ohio Public Employees Retirement System - Traditional Pension Plan

Last Two Measurement Periods (1)

	<u>2014</u>	<u>2013</u>
City's Proportion of the Net Pension Liability	0.043891%	0.043891%
City's Proportionate Share of the Net Pension Liability	\$ 5,293,745	\$ 5,174,177
City's Covered-Employee Payroll	\$ 5,381,025	\$ 5,221,423
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	98.38%	99.10%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.45%	86.36%

(1) Information prior to 2013 is not available.

CITY OF HILLIARD, OHIO

Required Supplementary Information

Schedule of City's Proportionate Share of the Net Pension Liability

Ohio Police and Fire Pension Fund (1)

Last Two Measurement Periods (2)

	<u>2014</u>	<u>2013</u>
City's Proportion of the Net Pension Liability	0.2066317%	0.2066317%
City's Proportionate Share of the Net Pension Liability	\$ 10,704,384	\$ 10,063,612
City's Covered-Employee Payroll	\$ 4,551,263	\$ 4,248,693
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	235.20%	236.86%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.20%	73.00%

(1) Only the City's police force participates in the fund.

(2) Information prior to 2013 is not available.

CITY OF HILLIARD, OHIO

Required Supplementary Information

Schedule of City Contributions

Ohio Public Employees Retirement System - Traditional Pension Plan

Last Five Years (1)

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually Required Contributions	\$ 707,505	\$ 645,723	\$ 678,785	\$ 678,683	\$ 577,815
Contributions in Relation to the Contractually Required Contributions	<u>\$ (707,505)</u>	<u>\$ (645,723)</u>	<u>\$ (678,785)</u>	<u>\$ (678,683)</u>	<u>\$ (577,815)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City Covered-Employee Payroll	\$ 5,895,875	\$ 5,381,025	\$ 5,221,423	\$ 6,786,830	\$ 5,778,150
Contributions as a Percentage of Covered-Employee Payroll	12.00%	12.00%	13.00%	10.00%	10.00%

(1) Information prior to 2011 is not available.

CITY OF HILLIARD, OHIO

Required Supplementary Information
Schedule of City Contributions
Ohio Police and Fire Pension Fund (1)
Last Five Years (2)

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually Required Contributions	\$ 922,811	\$ 864,740	\$ 674,834	\$ 544,150	\$ 511,223
Contributions in Relation to the Contractually Required Contributions	<u>(922,811)</u>	<u>(864,740)</u>	<u>(674,834)</u>	<u>(544,150)</u>	<u>(511,223)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City Covered-Employee Payroll	\$ 4,856,900	\$ 4,551,263	\$ 4,248,693	\$ 4,267,843	\$ 4,009,592
Contributions as a Percentage of Covered-Employee Payroll	19.00%	19.00%	15.88%	12.75%	12.75%

(1) Only the City's police force participates in the fund.

(2) Information prior to 2011 is not available.

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Supplementary Information

Combining Statements And Individual Fund Schedules

CITY OF HILLIARD, OHIO

Major Fund Descriptions

The **General Fund** is the operating fund and is used to account for all financial resources except for those required to be accounted for in another fund. The General Fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Ohio.

With the implementation of GASB Statement No. 54, certain funds that the City prepares legally adopted budgets for no longer meet the definition to be reported as Special Revenue Funds and have been included with the General Fund in the governmental fund financial statements. The City has only presented the budget schedules for these funds:

The **Police Benevolent Fund** accounts for various donations and fees received by the City for police-related programs that include Safety Town, DARE, and Police K-9.

The **Construction Inspection Fund** accounts for the construction inspection fees paid by developers. Expenditures are payments to the inspectors.

Major Special Revenue Funds:

The **Street Maintenance and Repair Fund** accounts for the portion of the state gasoline tax and motor vehicle registration fees restricted for maintenance and repair of streets within the City.

The **Street Improvement Municipal Tax Fund** accounts for a portion of the City's income tax collections to be used for repair and improvement of streets and highways. In 2015, 3% of income tax collections were deposited into the fund.

The **Water and Sewer Revenue Fund** is used to account for water and sewer tap fees and water and sewer surcharge revenues collected by the City of Columbus for the City of Hilliard. These revenues are used for upgrading and making minor repairs to water and sewer lines.

The **Tax Increment Financing Fund** accounts for real estate taxes received from various business owners to be used for City-owned infrastructure improvements that will benefit the business owners' property.

Major Capital Project Fund:

The **Capital Improvement Municipal Tax Fund** accounts for 25 percent of the City's income tax collections and impact fees which are used for various capital improvements.

CITY OF HILLIARD, OHIO

Schedule of Revenues, Expenditures and Changes in Fund

Balances - Budget and Actual - Budget (Non-GAAP) Basis

General Fund

Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	From Final Budget
Revenues				
Property and other local taxes	\$ 1,405,225	\$ 1,405,225	\$ 1,462,864	\$ 57,639
Municipal income taxes	14,939,235	14,939,235	17,330,483	2,391,248
Intergovernmental	581,917	581,917	594,616	12,699
Charges for services	3,649,967	3,649,967	3,207,163	(442,804)
Licenses and permits	925,050	925,050	1,210,147	285,097
Fines and forfeitures	350,000	350,000	281,296	(68,704)
Investment income	53,000	53,000	47,717	(5,283)
Miscellaneous	61,500	61,500	57,150	(4,350)
Total revenues	<u>21,965,894</u>	<u>21,965,894</u>	<u>24,191,436</u>	<u>2,225,542</u>
Expenditures				
Current:				
General Government:				
Mayor:				
Personal services	166,121	166,121	160,118	6,003
Contractual services	12,000	12,000	-	12,000
Materials and supplies	2,000	2,000	1,221	779
Total Mayor	<u>180,121</u>	<u>180,121</u>	<u>161,339</u>	<u>18,782</u>
City Council:				
Personal services	262,945	262,945	252,491	10,454
Contractual services	21,000	21,000	11,480	9,520
Materials and supplies	164,506	164,506	113,267	51,239
Total City Council	<u>448,451</u>	<u>448,451</u>	<u>377,238</u>	<u>71,213</u>
Clerk of Courts:				
Personal services	204,655	204,655	178,397	26,258
Contractual services	131,750	131,750	123,952	7,798
Materials and supplies	18,850	18,850	13,842	5,008
Total Clerk of Courts	<u>355,255</u>	<u>355,255</u>	<u>316,191</u>	<u>39,064</u>
Law:				
Personal services	246,600	246,600	243,299	3,301
Contractual services	136,432	136,432	94,680	41,752
Materials and supplies	9,065	9,065	4,783	4,282
Total Law	<u>392,097</u>	<u>392,097</u>	<u>342,762</u>	<u>49,335</u>

(continued)

CITY OF HILLIARD, OHIO

Schedule of Revenues, Expenditures and Changes in Fund

Balances - Budget and Actual - Budget (Non-GAAP) Basis

General Fund

Year Ended December 31, 2015

(continued)

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	From Final
				Budget
Finance:				
Personal services	691,945	691,945	666,229	25,716
Contractual services	105,000	105,000	61,903	43,097
Materials and supplies	50,969	50,969	36,315	14,654
Other	75,400	75,400	53,190	22,210
Total Finance	923,314	923,314	817,637	105,677
Economic Development:				
Personal services	178,848	178,848	168,582	10,266
Contractual services	29,550	29,550	22,850	6,700
Materials and supplies	18,334	18,334	15,505	2,829
Total Economic Development	226,732	226,732	206,937	19,795
City Clerk:				
Personal services	300	300	-	300
Contractual services	2,640	2,640	140	2,500
Materials and supplies	14,156	14,156	9,298	4,858
Total City Clerk	17,096	17,096	9,438	7,658
Human Resources:				
Personal services	342,437	342,437	339,919	2,518
Contractual services	103,484	103,484	87,640	15,844
Materials and supplies	13,413	13,413	9,617	3,796
Total Human Resources	459,334	459,334	437,176	22,158
Public Building and Land:				
Personal services	327,740	327,740	326,092	1,648
Contractual services	100,456	100,456	95,477	4,979
Materials and supplies	51,872	51,872	37,302	14,570
Utilities	575,317	575,317	567,354	7,963
Total Public Building and Land	1,055,385	1,055,385	1,026,225	29,160
Information Technology:				
Personal services	165,971	165,971	159,751	6,220
Contractual services	446,436	446,436	395,869	50,567
Materials and supplies	23,804	23,804	13,033	10,771
Total Information Technology	636,211	636,211	568,653	67,558
Civil Service Commission:				
Personal services	6,494	6,494	2,165	4,329
Contractual services	13,000	13,000	13,000	-
Materials and supplies	10,152	10,152	6,857	3,295
Total Civil Service Commission	29,646	29,646	22,022	7,624

(continued)

CITY OF HILLIARD, OHIO

Schedule of Revenues, Expenditures and Changes in Fund

Balances - Budget and Actual - Budget (Non-GAAP) Basis

General Fund

Year Ended December 31, 2015

(continued)

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	From Final Budget
Boards and Commissions:				
Personal services	37,138	37,138	32,978	4,160
Materials and supplies	5,500	5,500	970	4,530
Total Boards and Commissions	42,638	42,638	33,948	8,690
General Administrative:				
Personal services	145,189	145,189	137,969	7,220
Contractual services	702,141	702,141	612,065	90,076
Materials and supplies	30,527	30,527	19,606	10,921
Other	1,100,000	1,100,000	909,932	190,068
Total General Administrative	1,977,857	1,977,857	1,679,572	298,285
Total General Government	6,744,137	6,744,137	5,999,138	744,999
Security of Persons and Property:				
Police:				
Personal services	8,045,251	8,045,251	7,915,131	130,120
Contractual services	951,037	951,037	800,512	150,525
Materials and supplies	235,971	235,971	201,463	34,508
Other	478	478	100	378
Total Police	9,232,737	9,232,737	8,917,206	315,531
Total Security of Persons and Property	9,232,737	9,232,737	8,917,206	315,531
Public Health:				
County Health District:				
Contractual services	225,000	225,000	225,000	-
Total County Health District	225,000	225,000	225,000	-
Total Public Health	225,000	225,000	225,000	-
Leisure Time Activities:				
Recreation:				
Personal services	2,106,464	2,106,464	2,085,859	20,605
Contractual services	266,570	266,570	252,648	13,922
Materials and supplies	345,911	345,911	332,499	13,412
Utilities	268,016	268,016	266,460	1,556
Other	29,109	29,109	25,916	3,193
Total Recreation	3,016,070	3,016,070	2,963,382	52,688
Total Leisure Time Activities	3,016,070	3,016,070	2,963,382	52,688

(continued)

CITY OF HILLIARD, OHIO

Schedule of Revenues, Expenditures and Changes in Fund

Balances - Budget and Actual - Budget (Non-GAAP) Basis

General Fund

Year Ended December 31, 2015

(concluded)

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	From Final Budget
Community Environment:				
Service/Engineer:				
Personal services	604,149	604,149	593,363	10,786
Contractual services	2,007,540	2,007,540	1,897,833	109,707
Materials and supplies	47,741	47,741	24,036	23,705
Total Service/Engineer	<u>2,659,430</u>	<u>2,659,430</u>	<u>2,515,232</u>	<u>144,198</u>
Building Inspection:				
Personal services	559,229	559,229	512,650	46,579
Contractual services	107,731	107,731	17,936	89,795
Materials and supplies	29,487	29,487	21,465	8,022
Other	10,838	10,838	5,385	5,453
Total Building Inspection	<u>707,285</u>	<u>707,285</u>	<u>557,436</u>	<u>149,849</u>
Total Community Environment	<u>3,366,715</u>	<u>3,366,715</u>	<u>3,072,668</u>	<u>294,047</u>
Total Expenditures	<u>22,584,659</u>	<u>22,584,659</u>	<u>21,177,394</u>	<u>1,407,265</u>
Excess of Revenues Over (Under)				
Expenditures	<u>(618,765)</u>	<u>(618,765)</u>	<u>3,014,042</u>	<u>3,632,807</u>
Other financing sources (uses)				
Sale of assets	1,500	1,500	1,500	-
Transfers in	137,710	137,710	137,710	-
Transfers out	-	-	(2,446,590)	(2,446,590)
Total other financing sources (uses)	<u>139,210</u>	<u>139,210</u>	<u>(2,307,380)</u>	<u>(2,446,590)</u>
Net change in fund balance	(479,555)	(479,555)	706,662	1,186,217
Fund balance, beginning of year	9,626,155	9,626,155	9,626,155	
Prior year encumbrances appropriated	632,847	632,847	632,847	
Fund balance, end of year	<u>\$ 9,779,447</u>	<u>\$ 9,779,447</u>	<u>\$ 10,965,664</u>	

CITY OF HILLIARD, OHIO

Schedule of Revenues, Expenditures and Changes in Fund

Balances - Budget and Actual - Budget (Non-GAAP) Basis

Construction Inspection Fund⁽¹⁾

Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	From Final Budget
Revenues				
Charges for services	\$ 350,000	\$ 350,000	\$ 545,900	\$ 195,900
Miscellaneous	5,000	5,000	41,425	36,425
Total revenues	<u>355,000</u>	<u>355,000</u>	<u>587,325</u>	<u>232,325</u>
Expenditures				
Current:				
Community Environment:				
Personal services	287,709	287,709	283,723	3,986
Contractual services	391,792	391,792	357,117	34,675
Materials and supplies	18,000	18,000	1,311	16,689
Other	15,000	15,000	-	15,000
Total expenditures	<u>712,501</u>	<u>712,501</u>	<u>642,151</u>	<u>70,350</u>
Net change in fund balance	(357,501)	(357,501)	(54,826)	302,675
Fund balance, beginning of year	411,847	411,847	411,847	
Prior year encumbrances appropriated	96,792	96,792	96,792	
Fund balance, end of year	<u>\$ 151,138</u>	<u>\$ 151,138</u>	<u>\$ 453,813</u>	

⁽¹⁾ For GAAP reporting, this fund is combined with the General Fund.

CITY OF HILLIARD, OHIO

Schedule of Revenues, Expenditures and Changes in Fund

Balances - Budget and Actual - Budget (Non-GAAP) Basis

Police Benevolent Fund⁽¹⁾

Year Ended December 31, 2015

	Budgeted Amounts		Actual Amounts	Variance From Final Budget
	Original	Final		
Revenues				
Charges for services	\$ 10,000	\$ 10,000	\$ 19,780	\$ 9,780
Donations	5,000	5,000	10,866	5,866
Total revenues	15,000	15,000	30,646	15,646
Expenditures				
Current:				
Security of Persons and Property:				
Contractual services	11,417	6,417	6,417	-
Materials and supplies	10,131	18,131	17,744	387
Other	348	6,848	6,095	753
Total expenditures	21,896	31,396	30,256	1,140
Net change in fund balance	(6,896)	(16,396)	390	16,786
Fund balance, beginning of year	27,486	27,486	27,486	
Prior year encumbrances appropriated	1,895	1,895	1,895	
Fund balance, end of year	\$ 22,485	\$ 12,985	\$ 29,771	

⁽¹⁾ For GAAP reporting, this fund is combined with the General Fund.

CITY OF HILLIARD, OHIO

Schedule of Revenues, Expenditures and Changes in Fund

Balances - Budget and Actual - Budget (Non-GAAP) Basis

Street Maintenance and Repair Fund

Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	From Final Budget
Revenues				
Intergovernmental	\$ 1,350,500	\$ 1,350,500	\$ 1,422,394	\$ 71,894
Investment income	600	600	264	(336)
Miscellaneous	40,000	40,000	36,946	(3,054)
Total revenues	<u>1,391,100</u>	<u>1,391,100</u>	<u>1,459,604</u>	<u>68,504</u>
Expenditures				
Current:				
Transportation:				
Personal services	656,096	656,096	605,215	50,881
Contractual services	206,631	206,631	200,193	6,438
Materials and supplies	907,454	907,454	757,588	149,866
Total expenditures	<u>1,770,181</u>	<u>1,770,181</u>	<u>1,562,996</u>	<u>207,185</u>
Net change in fund balance	(379,081)	(379,081)	(103,392)	275,689
Fund balance, beginning of year	612,345	612,345	612,345	
Prior year encumbrances appropriated	97,928	97,928	97,928	
Fund balance, end of year	<u>\$ 331,192</u>	<u>\$ 331,192</u>	<u>\$ 606,881</u>	

CITY OF HILLIARD, OHIO

Schedule of Revenues, Expenditures and Changes in Fund

Balances - Budget and Actual - Budget (Non-GAAP) Basis

Street Improvement Municipal Tax Fund

Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	From Final Budget
Revenues				
Municipal income taxes	\$ 1,770,920	\$ 1,770,920	\$ 2,298,688	\$ 527,768
Miscellaneous	-	-	17,629	17,629
Total revenues	<u>1,770,920</u>	<u>1,770,920</u>	<u>2,316,317</u>	<u>545,397</u>
Expenditures				
Current:				
General Government:				
Contractual services	50,000	50,000	49,805	195
Other	<u>120,000</u>	<u>120,000</u>	<u>84,563</u>	<u>35,437</u>
Total General Government	<u>170,000</u>	<u>170,000</u>	<u>134,368</u>	<u>35,632</u>
Transportation:				
Contractual services	589,292	589,292	556,085	33,207
Capital outlay	<u>2,145,598</u>	<u>2,145,598</u>	<u>1,980,065</u>	<u>165,533</u>
Total Transportation	<u>2,734,890</u>	<u>2,734,890</u>	<u>2,536,150</u>	<u>198,740</u>
Debt Service	<u>300,000</u>	<u>300,000</u>	<u>299,256</u>	<u>744</u>
Total expenditures	<u>3,204,890</u>	<u>3,204,890</u>	<u>2,969,774</u>	<u>235,116</u>
Net change in fund balance	(1,433,970)	(1,433,970)	(653,457)	780,513
Fund balance, beginning of year	1,986,342	1,986,342	1,986,342	
Prior year encumbrances appropriated	<u>513,790</u>	<u>513,790</u>	<u>513,790</u>	
Fund balance, end of year	<u>\$ 1,066,162</u>	<u>\$ 1,066,162</u>	<u>\$ 1,846,675</u>	

CITY OF HILLIARD, OHIO

Schedule of Revenues, Expenditures and Changes in Fund

Balances - Budget and Actual - Budget (Non-GAAP) Basis

Water and Sewer Revenue Fund

Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	From Final
				Budget
Revenues				
Charges for services	\$ 1,985,000	\$ 1,985,000	\$ 1,964,955	\$ (20,045)
Miscellaneous	7,000	7,000	9,944	2,944
Total revenues	<u>1,992,000</u>	<u>1,992,000</u>	<u>1,974,899</u>	<u>(17,101)</u>
Expenditures				
Current:				
Basic Utility Services:				
Personal services	1,066,050	1,066,050	1,030,665	35,385
Contractual services	746,242	746,242	487,862	258,380
Materials and supplies	140,528	181,928	50,224	131,704
Capital outlay	456,425	456,425	174,954	281,471
Utilities	101,431	101,431	98,227	3,204
Other	10,000	10,000	-	10,000
Total Basic Utility Services	<u>2,520,676</u>	<u>2,562,076</u>	<u>1,841,932</u>	<u>720,144</u>
Debt Service	<u>290,000</u>	<u>290,000</u>	<u>288,487</u>	<u>1,513</u>
Total expenditures	<u>2,810,676</u>	<u>2,852,076</u>	<u>2,130,419</u>	<u>721,657</u>
Net change in fund balance	(818,676)	(860,076)	(155,520)	704,556
Fund balance, beginning of year	987,288	987,288	987,288	
Prior year encumbrances appropriated	<u>429,205</u>	<u>429,205</u>	<u>429,205</u>	
Fund balance, end of year	<u>\$ 597,817</u>	<u>\$ 556,417</u>	<u>\$ 1,260,973</u>	

CITY OF HILLIARD, OHIO

Schedule of Revenues, Expenditures and Changes in Fund

Balances - Budget and Actual - Budget (Non-GAAP) Basis

TIF Fund

Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	From Final
				Budget
Revenues				
Payment in lieu of taxes	\$ -	\$ 5,341,000	\$ 5,319,826	\$ (21,174)
Intergovernmental	-	195,000	192,657	(2,343)
Total revenues	-	5,536,000	5,512,483	(23,517)
Expenditures				
Current:				
Transportation:				
Other	400,000	2,534,429	2,365,940	168,489
Total Transportation	400,000	2,534,429	2,365,940	168,489
Debt Service	1,500,000	1,521,000	1,517,052	3,948
Total expenditures	1,900,000	4,055,429	3,882,992	172,437
Net change in fund balance	(1,900,000)	1,480,571	1,629,491	148,920
Fund balance, beginning of year	5,351,428	5,351,428	5,351,428	
Prior year encumbrances appropriated	38,529	38,529	38,529	
Fund balance, end of year	\$ 3,489,957	\$ 6,870,528	\$ 7,019,448	

CITY OF HILLIARD, OHIO

Schedule of Revenues, Expenditures and Changes in Fund

Balances - Budget and Actual - Budget (Non-GAAP) Basis

Capital Improvement Municipal Tax Fund

Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	From Final Budget
Revenues				
Municipal income taxes	\$ 5,534,127	\$ 5,534,127	\$ 6,459,724	\$ 925,597
Intergovernmental	-	-	195,796	195,796
Licenses and permits	-	200,000	298,500	98,500
Miscellaneous	-	-	63,843	63,843
Total revenues	<u>5,534,127</u>	<u>5,734,127</u>	<u>7,017,863</u>	<u>1,283,736</u>
Expenditures				
Current:				
General Government:				
Contractual services	482,269	787,997	724,137	63,860
Capital outlay	988,892	3,763,215	3,371,686	391,529
Other	<u>270,000</u>	<u>270,000</u>	<u>169,125</u>	<u>100,875</u>
Total General Government	<u>1,741,161</u>	<u>4,821,212</u>	<u>4,264,948</u>	<u>556,264</u>
Security of Persons and Property:				
Capital outlay	<u>654,066</u>	<u>800,901</u>	<u>789,915</u>	<u>10,986</u>
Total Security of Persons and Property	<u>654,066</u>	<u>800,901</u>	<u>789,915</u>	<u>10,986</u>
Leisure Time Activities:				
Contractual services	-	27,045	27,045	-
Capital outlay	<u>5,383,092</u>	<u>5,391,745</u>	<u>5,189,783</u>	<u>201,962</u>
Total Leisure Time Activities	<u>5,383,092</u>	<u>5,418,790</u>	<u>5,216,828</u>	<u>201,962</u>
Community Environment:				
Contractual services	16,917	16,917	10,417	6,500
Capital outlay	<u>1,000,000</u>	<u>1,000,000</u>	<u>800,000</u>	<u>200,000</u>
Total Community Environment	<u>1,016,917</u>	<u>1,016,917</u>	<u>810,417</u>	<u>206,500</u>
Basic Utility Services:				
Contractual services	1,049,417	1,049,417	615,574	433,843
Capital outlay	<u>1,559,168</u>	<u>1,995,167</u>	<u>815,129</u>	<u>1,180,038</u>
Total Basic Utility Services	<u>2,608,585</u>	<u>3,044,584</u>	<u>1,430,703</u>	<u>1,613,881</u>
Transportation:				
Contractual services	355,747	355,747	335,903	19,844
Capital outlay	<u>2,077,788</u>	<u>2,998,164</u>	<u>2,708,389</u>	<u>289,775</u>
Total Transportation	<u>2,433,535</u>	<u>3,353,911</u>	<u>3,044,292</u>	<u>309,619</u>

(continued)

CITY OF HILLIARD, OHIO

Schedule of Revenues, Expenditures and Changes in Fund

Balances - Budget and Actual - Budget (Non-GAAP) Basis

Capital Improvement Municipal Tax Fund

Year Ended December 31, 2015

(concluded)

	Budgeted Amounts		Actual Amounts	Variance From Final Budget
	Original	Final		
Debt Service	<u>4,025,781</u>	<u>17,825,844</u>	<u>17,867,789</u>	<u>(41,945)</u>
Total expenditures	<u>17,863,137</u>	<u>36,282,159</u>	<u>33,424,892</u>	<u>2,857,267</u>
Excess of revenues over/(under) expenditures	<u>(12,329,010)</u>	<u>(30,548,032)</u>	<u>(26,407,029)</u>	<u>4,141,003</u>
Other financing sources				
Issuance of notes	-	7,275,000	7,145,000	(130,000)
Issuance of bonds	-	8,745,000	8,745,000	-
Premiums	-	1,260,402	1,260,402	-
Transfers in	-	<u>2,309,000</u>	<u>2,308,880</u>	<u>(120)</u>
Total other financing sources	-	<u>19,589,402</u>	<u>19,459,282</u>	<u>(130,120)</u>
Net change in fund balance	(12,329,010)	(10,958,630)	(6,947,747)	4,010,883
Fund balance, beginning of year	6,467,533	6,467,533	6,467,533	
Prior year encumbrances appropriated	<u>5,869,555</u>	<u>5,869,555</u>	<u>5,869,555</u>	
Fund balance, end of year	<u>\$ 8,078</u>	<u>\$ 1,378,458</u>	<u>\$ 5,389,341</u>	

CITY OF HILLIARD, OHIO

Nonmajor Fund Descriptions

SPECIAL REVENUE FUNDS

The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes. The following are descriptions of each Special Revenue Fund:

The **County Municipal Motor Vehicle Tax Fund** accounts for funds received from the City's permissive motor vehicle license tax and from the County's permissive motor vehicle license tax restricted for use of maintaining certain roadways within the City.

The **Park Maintenance Fund** accounts for public use fees collected on all lots developed in the City and the expenditures for all park maintenance, repair, and upkeep.

The **Police Fund** accounts for financial resources used to educate and treat persons with alcohol-related problems, to enhance law enforcement activities as a deterrent to the operation of motor vehicles while under the influence of alcohol, to account for mandatory drug fines, and to account for proceeds received from the sale of property received as a result of the Safety Department's participation in drug investigations or confiscated during drug-related arrests.

The **Mayor's Court Computer Fund** accounts for court fees to be used to maintain and upgrade the computer system in the Mayor's Court.

The **General Government Grants Fund** accounts for revenue and expenditures related to grants received from various sources.

The **Heritage Trail Dog Park Fund** accounts for the receipt and expenditure of donations for the construction of the Heritage Trail Dog Park.

The **Storm Water Utility Fund** accounts for storm water utility fees which are used to maintain and upgrade the storm water drainage systems.

CITY OF HILLIARD, OHIO

Nonmajor Fund Descriptions

AGENCY FUNDS

Agency funds are used to account for assets held in a custodial capacity for individuals, private organizations, and other governmental units.

The **Mayor's Court Fund** accounts for the collection and distribution of court fines and forfeitures.

The **Escrow Fund** accounts for the collection and distribution of charges for plumbing and electrical inspections provided by the City of Columbus, Franklin County Board of Health, and electrical contractors. This fund also accounts for the collection and remittance of sewer capacity charges and public service department deposits.

CITY OF HILLIARD, OHIO
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2015

	Special Revenue Funds							Total Nonmajor Governmental Funds
	County Municipal Motor Vehicle Tax	Park Maintenance	Police	Mayor's Court Computer	General Government Grants	Heritage Trail Dog Park	Storm Water Utility	
Assets								
Equity in pooled cash and cash equivalents	\$ 335,412	\$ 861,994	\$ 46,223	\$ 62,935	\$ 1,749	\$ 100	\$ 23,849	\$ 1,332,262
Cash and cash equivalents with fiscal agents	91,479	-	-	-	-	-	-	91,479
Receivables:								
Accounts	-	-	-	-	-	-	29,532	29,532
Due from other governments	118,602	-	-	-	-	-	-	118,602
Total assets	\$ 545,493	\$ 861,994	\$ 46,223	\$ 62,935	\$ 1,749	\$ 100	\$ 53,381	\$ 1,571,875
Liabilities								
Accounts payable	\$ 24,868	\$ 54,615	\$ -	\$ 4,338	\$ 5,910	\$ -	\$ 4,658	\$ 94,389
Due to other funds	-	-	-	-	-	-	17,975	17,975
Accrued wages payable	-	-	-	-	-	-	5,457	5,457
Matured compensated absences	-	-	-	-	-	-	3,511	3,511
Due to other governments	-	-	-	-	-	-	4,930	4,930
Total liabilities	24,868	54,615	-	4,338	5,910	-	36,531	126,262
Deferred Inflows of Resources								
Unavailable revenue	80,262	-	-	-	-	-	-	80,262
Total deferred inflows of resources	80,262	-	-	-	-	-	-	80,262
Fund balances								
Restricted	440,363	346,607	46,223	58,597	-	-	16,850	908,640
Committed	-	460,772	-	-	-	100	-	460,872
Unassigned (deficit)	-	-	-	-	(4,161)	-	-	(4,161)
Total fund balances	440,363	807,379	46,223	58,597	(4,161)	100	16,850	1,365,351
Total liabilities, deferred inflows of resources and fund balances	\$ 545,493	\$ 861,994	\$ 46,223	\$ 62,935	\$ 1,749	\$ 100	\$ 53,381	\$ 1,571,875

CITY OF HILLIARD, OHIO
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended December 31, 2015

	Special Revenue Funds								Total Nonmajor Governmental Funds
	County Municipal Motor Vehicle Tax	Park Maintenance	Police	Mayor's Court Computer	General Government Grants	Heritage Trail Dog Park	Storm Water Utility		
Revenues									
Intergovernmental	\$ 390,184	\$ 196,001	\$ -	\$ -	\$ 92,669	\$ -	\$ -	\$ -	\$ 678,854
Charges for services	-	232,027	-	-	-	-	903,674	-	1,135,701
Licenses and permits	-	15,314	-	-	-	-	-	-	15,314
Fines and forfeitures	-	-	8,221	18,824	-	-	-	-	27,045
Investment income	90	-	-	-	-	-	-	-	90
Miscellaneous	-	2,000	-	-	-	-	-	-	2,000
Total Revenues	<u>390,274</u>	<u>445,342</u>	<u>8,221</u>	<u>18,824</u>	<u>92,669</u>	<u>-</u>	<u>903,674</u>	<u>-</u>	<u>1,859,004</u>
Expenditures									
Current:									
General government	-	-	-	25,620	-	-	-	-	25,620
Security of persons and property	-	-	5,748	-	74,995	-	-	-	80,743
Leisure time activities	-	728,099	-	-	7,172	-	-	-	735,271
Basic utility services	-	-	-	-	-	-	1,230,647	-	1,230,647
Transportation	417,636	-	-	-	-	-	-	-	417,636
Total expenditures	<u>417,636</u>	<u>728,099</u>	<u>5,748</u>	<u>25,620</u>	<u>82,167</u>	<u>-</u>	<u>1,230,647</u>	<u>-</u>	<u>2,489,917</u>
Excess of revenues over (under) expenditures	<u>(27,362)</u>	<u>(282,757)</u>	<u>2,473</u>	<u>(6,796)</u>	<u>10,502</u>	<u>-</u>	<u>(326,973)</u>	<u>-</u>	<u>(630,913)</u>
Other Financing Sources (Uses)									
General obligation notes issued	-	130,000	-	-	-	-	-	-	130,000
Total other financing sources (uses)	<u>-</u>	<u>130,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>130,000</u>
Net change in fund balances	<u>(27,362)</u>	<u>(152,757)</u>	<u>2,473</u>	<u>(6,796)</u>	<u>10,502</u>	<u>-</u>	<u>(326,973)</u>	<u>-</u>	<u>(500,913)</u>
Fund balance, beginning of year	<u>467,725</u>	<u>960,136</u>	<u>43,750</u>	<u>65,393</u>	<u>(14,663)</u>	<u>100</u>	<u>343,823</u>	<u>-</u>	<u>1,866,264</u>
Fund balance, end of year	<u>\$ 440,363</u>	<u>\$ 807,379</u>	<u>\$ 46,223</u>	<u>\$ 58,597</u>	<u>\$ (4,161)</u>	<u>\$ 100</u>	<u>\$ 16,850</u>	<u>\$ -</u>	<u>\$ 1,365,351</u>

CITY OF HILLIARD, OHIO

Schedule of Revenues, Expenditures and Changes in Fund

Balances - Budget and Actual - Budget (Non-GAAP) Basis

County Municipal Motor Vehicle Tax Fund

Year Ended December 31, 2015

	Final Budgeted Amounts	Actual Amounts	Variance From Final Budget
Revenues			
Intergovernmental	\$ 375,996	\$ 388,633	\$ 12,637
Investment income	200	90	(110)
Total revenues	<u>376,196</u>	<u>388,723</u>	<u>12,527</u>
Expenditures			
Current:			
Transportation:			
Contractual services	128,654	98,368	30,286
Materials and supplies	131,909	93,530	38,379
Capital outlay	<u>250,000</u>	<u>250,000</u>	-
Total expenditures	<u>510,563</u>	<u>441,898</u>	<u>68,665</u>
Net change in fund balance	(134,367)	(53,175)	81,192
Fund balance, beginning of year	404,925	404,925	
Prior year encumbrances appropriated	<u>30,562</u>	<u>30,562</u>	
Fund balance, end of year	<u>\$ 301,120</u>	<u>\$ 382,312</u>	

CITY OF HILLIARD, OHIO

Schedule of Revenues, Expenditures and Changes in Fund

Balances - Budget and Actual - Budget (Non-GAAP) Basis

Park Maintenance Fund

Year Ended December 31, 2015

	Final Budgeted Amounts	Actual Amounts	Variance From Final Budget
Revenues			
Intergovernmental	\$ 379,000	\$ 196,001	\$ (182,999)
Charges for services	150,000	232,027	82,027
Licences and permits	100,000	15,314	(84,686)
Miscellaneous	-	2,000	2,000
Total revenues	<u>629,000</u>	<u>445,342</u>	<u>(183,658)</u>
Expenditures			
Current:			
Leisure Time Activities:			
Contractual services	46,583	26,583	20,000
Materials and supplies	17,432	7,165	10,267
Capital outlay	<u>1,447,997</u>	<u>1,036,136</u>	<u>411,861</u>
Total expenditures	<u>1,512,012</u>	<u>1,069,884</u>	<u>442,128</u>
Excess of revenues over expenditures	<u>(883,012)</u>	<u>(624,542)</u>	<u>258,470</u>
Other financing sources			
General obligation notes issued	<u>130,000</u>	<u>130,000</u>	<u>-</u>
Total other financing sources	<u>130,000</u>	<u>130,000</u>	<u>-</u>
Net change in fund balance	(753,012)	(494,542)	258,470
Fund balance, beginning of year	917,230	917,230	
Prior year encumbrances appropriated	<u>42,905</u>	<u>42,905</u>	
Fund balance, end of year	<u>\$ 207,123</u>	<u>\$ 465,593</u>	

CITY OF HILLIARD, OHIO

Schedule of Revenues, Expenditures and Changes in Fund

Balances - Budget and Actual - Budget (Non-GAAP) Basis

Police Fund

Year Ended December 31, 2015

	Final Budgeted Amounts	Actual Amounts	Variance From Final Budget
Revenues			
Fines and forfeitures	\$ 127,050	\$ 8,097	\$ (118,953)
Total revenues	<u>127,050</u>	<u>8,097</u>	<u>(118,953)</u>
Expenditures			
Current:			
Security of Persons and Property:			
Contractual services	15,000	-	15,000
Materials and supplies	24,500	263	24,237
Other	9,940	5,851	4,089
Total expenditures	<u>49,440</u>	<u>6,114</u>	<u>43,326</u>
Net change in fund balance	77,610	1,983	(75,627)
Fund balance, beginning of year	43,410	43,410	
Prior year encumbrances appropriated	<u>340</u>	<u>340</u>	
Fund balance, end of year	<u>\$ 121,360</u>	<u>\$ 45,733</u>	

CITY OF HILLIARD, OHIO

Schedule of Revenues, Expenditures and Changes in Fund

Balances - Budget and Actual - Budget (Non-GAAP) Basis

Mayor's Court Computer Fund

Year Ended December 31, 2015

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance From Final Budget</u>
Revenues			
Fines and forfeitures	<u>\$ 20,000</u>	<u>\$ 19,069</u>	<u>\$ (931)</u>
Expenditures			
Current:			
General Government:			
Contractual services	20,000	-	20,000
Materials and supplies	23,188	22,594	594
Capital outlay	<u>30,365</u>	<u>10,365</u>	<u>20,000</u>
Total expenditures	<u>73,553</u>	<u>32,959</u>	<u>40,594</u>
Net change in fund balance	(53,553)	(13,890)	39,663
Fund balance, beginning of year	52,496	52,496	
Prior year encumbrances appropriated	<u>11,553</u>	<u>11,553</u>	
Fund balance, end of year	<u>\$ 10,496</u>	<u>\$ 50,159</u>	

CITY OF HILLIARD, OHIO

Schedule of Revenues, Expenditures and Changes in Fund

Balances - Budget and Actual - Budget (Non-GAAP) Basis

General Government Grants Fund

Year Ended December 31, 2015

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance From Final Budget</u>
Revenues			
Intergovernmental	\$ 1,086,275	\$ 92,669	\$ (993,606)
Expenditures			
Current:			
Security of Persons and Property:			
Contractual services	103,988	81,679	22,309
Total Security of Persons and Property	103,988	81,679	22,309
Leisure Time Activities:			
Capital outlay	500,000	500,000	-
Total Leisure Time Activities	500,000	500,000	-
Basic Utility Services:			
Capital outlay	350,000	350,000	-
Total Basic Utility Services	350,000	350,000	-
Transportation:			
Contractual services	50,000	43,850	6,150
Total Transportation:	50,000	43,850	6,150
Total expenditures	1,003,988	975,529	28,459
Net change in fund balance	82,287	(882,860)	(965,147)
Fund balance, beginning of year	(527,566)	(527,566)	
Prior year encumbrances appropriated	518,897	518,897	
Fund balance, end of year	\$ 73,618	\$ (891,529)	

CITY OF HILLIARD, OHIO

Schedule of Revenues, Expenditures and Changes in Fund

Balances - Budget and Actual - Budget (Non-GAAP) Basis

Heritage Trail Dog Park Fund

Year Ended December 31, 2015

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance From Final Budget</u>
Revenues			
Miscellaneous	<u>\$ 2,000</u>	<u>\$ -</u>	<u>\$ (2,000)</u>
Net change in fund balance	2,000	-	(2,000)
Fund balance, beginning of year	<u>100</u>	<u>100</u>	
Fund balance, end of year	<u><u>\$ 2,100</u></u>	<u><u>\$ 100</u></u>	

CITY OF HILLIARD, OHIO

Schedule of Revenues, Expenditures and Changes in Fund

Balances - Budget and Actual - Budget (Non-GAAP) Basis

Storm Water Utility Fund

Year Ended December 31, 2015

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance From Final Budget</u>
Revenues			
Charges of services	\$ 1,050,000	\$ 874,142	\$ (175,858)
Miscellaneous	<u>200,000</u>	<u>-</u>	<u>(200,000)</u>
Total revenues	<u>1,250,000</u>	<u>874,142</u>	<u>(375,858)</u>
Expenditures			
Current:			
Basic Utility Services:			
Personal services	531,025	514,325	16,700
Contractual services	968,705	687,624	281,081
Materials and supplies	23,328	9,437	13,891
Capital outlay	<u>87,629</u>	<u>48,000</u>	<u>39,629</u>
Total expenditures	<u>1,610,687</u>	<u>1,259,386</u>	<u>351,301</u>
Net change in fund balance	(360,687)	(385,244)	(24,557)
Fund balance, beginning of year	231,912	231,912	
Prior year encumbrances appropriated	<u>155,045</u>	<u>155,045</u>	
Fund balance, end of year	<u>\$ 26,270</u>	<u>\$ 1,713</u>	

CITY OF HILLIARD, OHIO

Combining Statement of Fiduciary Assets and Liabilities

Agency Funds

December 31, 2015

	Mayor's Court	Escrow	Total
Assets			
Equity in pooled cash and cash equivalents	\$ -	\$ 574,806	\$ 574,806
Cash and cash equivalents in segregated accounts	54,685	-	54,685
Accounts receivable	-	8,764	8,764
Total assets	<u>\$ 54,685</u>	<u>\$ 583,570</u>	<u>\$ 638,255</u>
Liabilities			
Due to other governments	\$ -	\$ 543,974	\$ 543,974
Deposits held and due to others	54,685	39,596	94,281
Total liabilities	<u>\$ 54,685</u>	<u>\$ 583,570</u>	<u>\$ 638,255</u>

CITY OF HILLIARD, OHIO

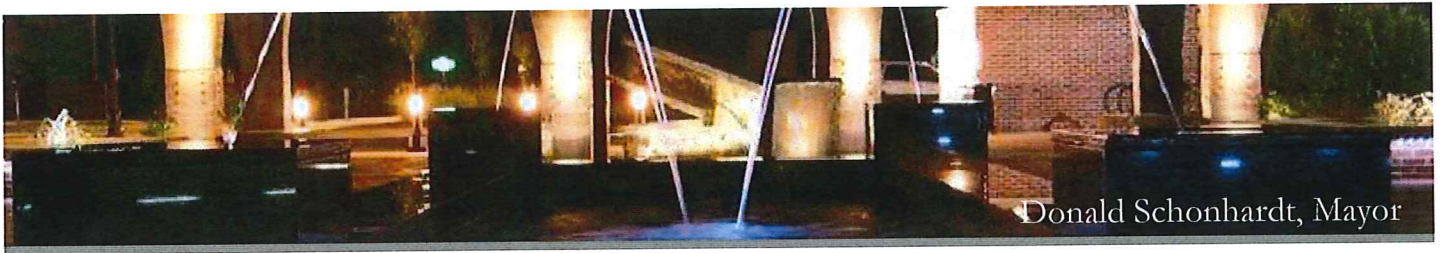
Combining Statement of Changes in Fiduciary Assets and Liabilities

Agency Funds

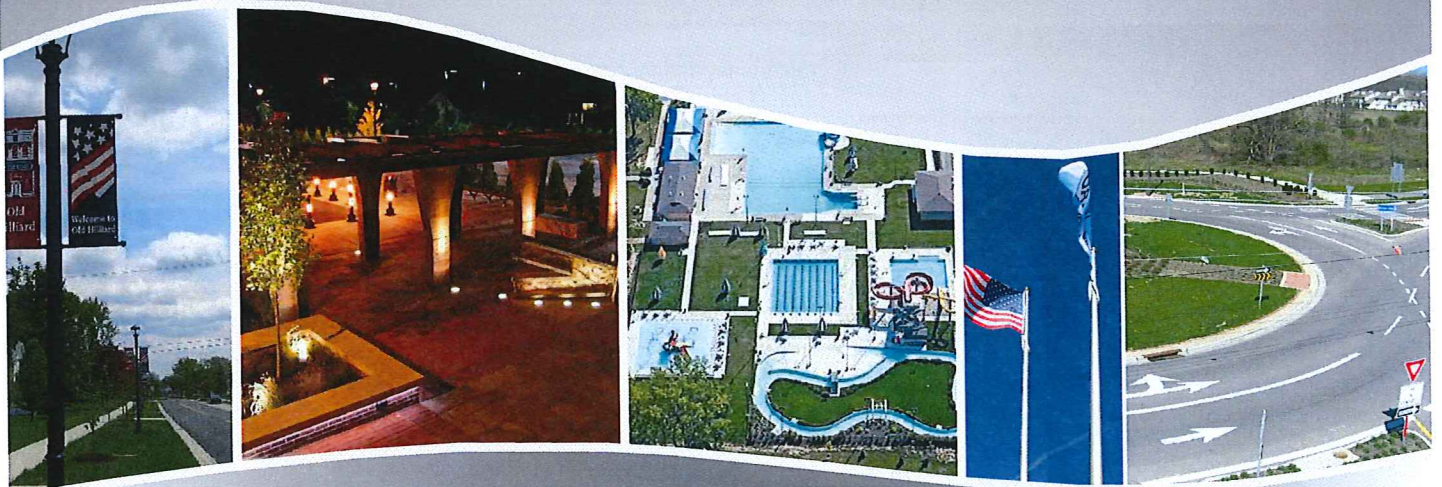
Year Ended December 31, 2015

	Balance January 1, 2015	Additions	Deductions	Balance December 31, 2015
<u>Mayor's Court</u>				
<u>Assets</u>				
Cash and cash equivalents in segregated accounts	\$ 45,682	\$ 433,634	\$ 424,631	\$ 54,685
<u>Liabilities</u>				
Deposits held and due to others	\$ 45,682	\$ 433,634	\$ 424,631	\$ 54,685
<u>Escrow</u>				
<u>Assets</u>				
Equity in pooled cash and cash equivalents	\$ 565,334	\$ 2,199,773	\$ 2,190,301	\$ 574,806
Accounts receivable	24,607	8,764	24,607	8,764
Total assets	\$ 589,941	\$ 2,208,537	\$ 2,214,908	\$ 583,570
<u>Liabilities</u>				
Due to other governments	\$ 550,345	\$ 1,674,699	\$ 1,681,070	\$ 543,974
Deposits held and due to others	39,596	533,838	533,838	39,596
Total liabilities	\$ 589,941	\$ 2,208,537	\$ 2,214,908	\$ 583,570
<u>Total - All Agency Funds</u>				
<u>Assets</u>				
Equity in pooled cash and cash equivalents	\$ 565,334	\$ 2,199,773	\$ 2,190,301	\$ 574,806
Cash and cash equivalents in segregated accounts	45,682	433,634	424,631	54,685
Accounts receivable	24,607	8,764	24,607	8,764
Total assets	\$ 635,623	\$ 2,642,171	\$ 2,639,539	\$ 638,255
<u>Liabilities</u>				
Due to other governments	\$ 550,345	\$ 1,674,699	\$ 1,681,070	\$ 543,974
Deposits held and due to others	85,278	967,472	958,469	94,281
Total liabilities	\$ 635,623	\$ 2,642,171	\$ 2,639,539	\$ 638,255

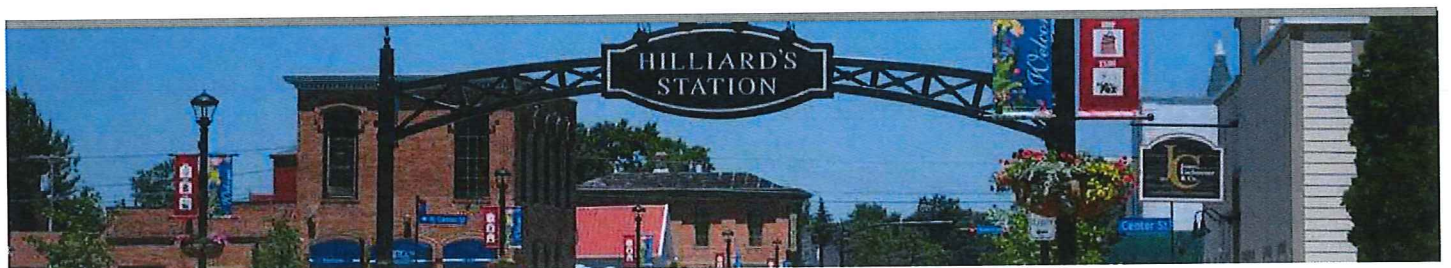
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Statistical Section



City of Hilliard, Ohio



Statistical Section

This part of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial position has changed over time. 113-118

Revenue Capacity

These schedules contain information to help the reader understand and assess the factors affecting the City's ability to generate its most significant local revenue sources, the income and property taxes. 119-125

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. 126-129

Economic and Demographic Information

These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments. 130-131

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs. 132-134

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

City of Hilliard, Ohio
Net Position by Component
Last Ten Years
(accrual basis of accounting)

	2006	2007	2008	2009	2010	2011 (restated) ¹	2012	2013	2014 (restated) ²	2015
Governmental Activities:										
Net investment in capital assets	\$ 194,266,629	\$ 194,544,533	\$ 196,643,631	\$ 197,699,834	\$ 193,490,449	\$ 191,936,312	\$ 184,681,665	\$ 178,545,386	\$ 174,263,501	\$ 177,988,978
Restricted	10,403,551	11,216,411	8,542,365	14,573,975	14,458,902	9,067,789	8,746,450	13,239,396	19,459,624	18,372,505
Unrestricted	3,576,842	3,990,110	714,167	3,388,558	2,940,978	6,906,732	10,226,730	13,720,226	1,985,909	1,882,523
Total Governmental Activities Net Position	\$ 208,247,022	\$ 209,751,054	\$ 205,900,163	\$ 215,682,367	\$ 210,890,329	\$ 207,910,833	\$ 203,654,845	\$ 205,505,008	\$ 195,709,034	\$ 198,244,006

¹ Net Position at December 31, 2011 has been restated for a prior period adjustment and adoption of GASB Statement No. 65.

² Net Position at December 31, 2014 has been restated for adoption of GASB Statement No. 68.

City of Hilliard, Ohio
Changes in Net Position
Last Ten Years
(accrual basis of accounting)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Program Revenues:										
Governmental Activities:										
Charges for Services:										
General Government	\$ 373,983	\$ 634,187	\$ 1,375,717	\$ 1,451,333	\$ 698,795	\$ 718,663	\$ 779,745	\$ 817,496	\$ 743,059	\$ 913,842
Security of Persons and Property	329,690	548,501	475,615	620,598	1,032,105	974,688	1,009,245	978,586	895,958	900,810
Leisure Time Activities	807,415	947,124	912,731	933,107	942,536	1,033,362	1,109,563	1,453,629	1,037,505	1,046,213
Community Environment	1,581,760	1,651,109	1,008,345	596,596	1,540,679	1,459,453	1,920,796	2,901,063	2,797,942	2,784,666
Basic Utility Services	1,089,731	627,636	1,491,249	1,018,487	1,466,740	2,069,699	1,954,915	2,851,504	3,421,040	3,159,736
Transportation	641,549	565,459	-	-	-	-	-	-	-	-
Operating Grants, Contributions, and Interest	1,361,193	1,444,572	2,090,172	1,422,622	1,312,293	1,287,341	1,483,970	1,782,427	2,246,982	2,383,121
Capital Grants, Contributions and Interest	10,203,671	6,141,117	2,586,835	20,966,177	4,106,822	6,544,552	415,449	2,120,629	6,087,335	4,500,410
Total Governmental Activities Program Revenues	16,388,992	12,559,705	9,940,664	27,008,920	11,099,970	14,087,758	8,673,683	13,005,334	17,229,821	15,688,798
Expenses:										
Governmental Activities:										
Current:										
General Government	4,210,860	4,217,469	4,778,348	4,346,672	4,820,699	5,889,987	5,881,654	4,396,977	6,234,614	6,449,722
Security of Persons and Property	7,212,982	7,625,286	8,131,423	8,483,744	8,553,689	8,440,519	8,228,460	8,377,988	11,406,237	9,746,509
Public Health	139,691	146,530	157,065	169,063	171,913	165,311	182,270	186,809	194,357	225,000
Leisure Time Activities	2,539,900	2,700,744	3,256,451	3,069,040	2,911,718	3,272,969	3,252,501	3,282,870	3,347,217	3,706,740
Community Environment	2,552,865	4,800,863	7,370,811	4,704,774	3,091,413	2,621,951	3,491,170	3,571,243	3,437,303	3,846,005
Basic Utility Services	5,999,457	6,487,321	5,990,167	7,254,778	7,254,778	6,604,081	7,407,870	8,804,498	7,407,729	8,337,911
Transportation	5,305,089	4,650,580	4,500,438	8,596,950	8,404,994	7,940,453	7,490,224	8,523,821	11,946,188	10,363,941
Interest and Fiscal Charges	1,798,693	1,808,435	1,966,780	2,516,290	2,599,540	2,639,621	2,775,651	2,326,249	1,774,916	1,861,659
Total Governmental Activities Expenses	\$ 29,759,637	\$ 32,437,228	\$ 36,151,483	\$ 38,699,519	\$ 37,808,744	\$ 37,574,892	\$ 38,709,800	\$ 39,470,455	\$ 45,748,561	\$ 44,537,487
Net Expenses	\$ (13,370,545)	\$ (19,877,523)	\$ (26,210,819)	\$ (11,690,599)	\$ (26,708,774)	\$ (23,487,134)	\$ (30,036,117)	\$ (26,465,121)	\$ (28,518,740)	\$ (28,848,689)

(continued)

City of Hilliard, Ohio
Changes in Net Position (Continued)
Last Ten Years
(accrual basis of accounting)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Revenues:										
Governmental Activities:										
Property Taxes Levied for General Purposes	\$ 1,732,640	\$ 1,902,363	\$ 1,939,885	\$ 1,682,554	\$ 1,924,647	\$ 1,978,442	\$ 1,490,038	\$ 1,483,891	\$ 1,418,846	\$ 1,440,683
Other Local Taxes	15,127	-	-	-	-	-	-	-	-	-
Municipal Income Tax Levied for General Purposes	9,353,451	8,720,561	10,808,397	11,470,507	10,986,978	12,292,843	14,350,910	14,337,297	15,172,841	15,781,862
Municipal Income Tax Levied for Transportation	1,821,584	1,744,110	2,161,880	747,888	384,371	885,947	466,492	1,212,529	1,536,470	1,931,335
Municipal Income Tax Levied for Capital Outlay	3,389,484	3,488,226	4,323,358	4,072,798	3,946,978	4,392,930	4,939,135	5,160,611	5,585,976	5,904,400
Payments in Lieu of Taxes	173,881	2,769,280	1,375,625	1,846,750	2,391,513	1,243,970	3,008,635	5,038,316	7,383,674	5,319,823
Grants and Entitlements not Restricted to Specific Programs	1,463,590	1,413,857	1,209,800	1,099,064	1,685,078	2,301,949	1,105,845	693,035	770,008	806,642
Unrestricted Contributions	-	-	-	-	-	-	-	-	-	-
Unrestricted Investment Earnings	773,438	820,603	355,084	156,648	141,361	60,420	57,494	33,531	73,377	48,070
Miscellaneous	480,829	522,555	186,099	376,594	455,810	581,217	361,580	356,074	508,900	150,846
Total Governmental Activities	\$ 19,204,024	\$ 21,381,555	\$ 22,359,928	\$ 21,452,803	\$ 21,936,736	\$ 23,737,718	\$ 25,780,129	\$ 28,315,284	\$ 32,450,092	\$ 31,383,661
Change in Net Position	\$ 5,833,479	\$ 1,504,032	\$ (3,850,891)	\$ 9,762,204	\$ (4,772,038)	\$ 250,584	\$ (4,255,988)	\$ 1,850,163	\$ 3,931,352	\$ 2,534,972

City of Hilliard, Ohio
Program Revenues by Function/Program
Last Ten Years
(accrual basis of accounting)

Function / Program:	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental Activities										
General Government	\$ 373,983	\$ 634,187	\$ 1,376,705	\$ 1,543,528	\$ 698,795	\$ 718,663	\$ 990,070	\$ 828,746	\$ 747,058	\$ 932,505
Security of Persons and Property	455,519	600,843	588,599	620,598	1,052,600	974,688	1,009,245	1,006,477	967,899	972,845
Leisure Time Activities	807,415	947,124	913,231	933,107	992,536	1,053,018	1,109,563	1,483,629	1,037,505	1,255,051
Community Environment	1,581,760	1,651,109	1,327,813	596,596	1,540,679	1,459,453	2,089,648	2,901,063	2,797,942	2,784,666
Basic Utility Services	7,279,672	774,748	1,870,366	8,633,325	2,436,329	5,214,730	2,036,875	4,053,801	7,738,258	7,586,211
Transportation	5,890,643	7,951,694	3,863,950	14,681,766	4,379,031	4,667,206	1,438,282	2,731,618	3,941,159	2,157,520
Total Governmental Activities Program Revenues	\$ 16,388,992	\$ 12,559,705	\$ 9,940,664	\$ 27,008,920	\$ 11,099,970	\$ 14,087,758	\$ 8,673,683	\$ 13,005,334	\$ 17,229,821	\$ 15,688,798

City of Hilliard, Ohio
Fund Balances - Governmental Funds
Last Ten Years
(modified accrual basis of accounting)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,179	\$ 26,723	\$ 25,268	\$ 26,774	\$ 40,817
Committed	-	-	-	-	-	204,888	186,706	224,637	221,970	86,232
Assigned	-	-	-	-	-	520,519	300,101	113,892	189,754	344,930
Unassigned	-	-	-	-	-	3,055,755	5,132,224	9,146,578	10,340,785	11,937,982
Reserved	580,680	239,375	116,547	139,582	188,231	-	-	-	-	-
Unreserved	2,605,051	3,521,255	3,183,859	3,073,796	3,161,504	-	-	-	-	-
Total General Fund	3,185,731	3,760,630	3,300,406	3,213,378	3,349,735	3,809,341	5,645,754	9,510,375	10,779,283	12,409,961
All Other Governmental Funds										
Restricted	-	-	-	-	-	8,287,493	10,453,741	16,177,842	20,434,858	19,509,382
Committed	-	-	-	-	-	5,773,016	4,961,934	4,566,178	4,157,852	3,851,332
Unassigned	-	-	-	-	-	(12,904)	(12,904)	-	(14,863)	(4,161)
Reserved	5,294,723	4,502,398	5,032,205	3,245,086	6,622,551	-	-	-	-	-
Unreserved, Reported in:										
Special Revenue Funds	1,769,638	5,518,127	7,388,881	6,240,285	6,615,484	-	-	-	-	-
Debt Service Funds	9,854	264	264	(13,717)	(12,904)	-	-	-	-	-
Capital Projects Funds	3,179,637	856,293	(7,260,811)	3,150,492	434,163	-	-	-	-	-
Total All Other Governmental Funds	10,253,852	10,877,082	5,160,539	12,622,146	13,659,294	-	15,402,771	20,744,020	24,578,047	23,356,553
Total Governmental Funds	\$ 13,439,583	\$ 14,637,712	\$ 8,460,945	\$ 15,835,524	\$ 17,009,029	\$ 3,809,341	\$ 21,048,525	\$ 30,254,395	\$ 35,357,330	\$ 35,766,514

Note: On January 1, 2011, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Fund balances for years prior to 2011 have not been reclassified.

City of Hilliard, Ohio
Changes in Fund Balances - Governmental Funds
Last Ten Years
(modified accrual basis of accounting)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues:										
Property and Other Local Taxes	\$ 1,733,726	\$ 1,905,010	\$ 1,938,359	\$ 1,719,684	\$ 1,936,497	\$ 1,981,224	\$ 1,489,345	\$ 1,559,706	\$ 1,441,796	\$ 1,462,509
Municipal Income Taxes	14,356,448	15,780,108	16,639,707	15,912,550	16,050,554	17,436,327	18,739,268	20,843,443	20,227,766	25,790,575
Payment in Lieu of Taxes	173,881	2,769,280	599,118	1,529,580	2,331,405	2,333,600	3,008,635	5,038,316	7,383,674	5,319,823
Intergovernmental	3,636,055	3,189,358	6,242,515	3,264,109	7,464,964	7,103,146	2,765,621	3,021,748	4,550,308	3,198,900
Charges for Services	3,658,956	3,610,180	4,387,135	3,466,922	4,278,597	4,741,570	5,474,971	6,372,169	6,755,577	6,878,488
Licenses and Permits	1,138,368	1,011,571	871,346	968,911	1,745,589	1,183,422	827,486	2,174,933	1,965,205	1,529,826
Fines and Forfeitures	307,939	286,805	367,636	320,788	292,669	330,873	397,752	389,424	337,475	307,757
Contributions and Donations	-	-	-	-	-	60,420	57,494	33,531	73,377	48,070
Investment Income	810,003	841,297	381,963	156,648	141,361	-	-	-	-	-
Special Assessments	85,288	91,765	98,734	28,981	813	-	-	-	-	-
Rent	-	-	-	-	-	-	-	-	-	-
Other	151,529	590,831	124,153	377,758	390,760	552,819	358,221	355,886	882,453	217,020
Total Revenues	26,052,213	30,076,205	31,650,666	27,745,931	34,633,209	35,723,401	33,118,793	39,789,156	43,620,631	44,752,968
Expenditures:										
Current:										
General Government	4,315,806	4,105,156	5,092,918	4,375,856	4,857,636	5,821,506	5,922,196	4,828,215	6,881,917	9,293,320
Security of Persons and Property	7,111,652	7,507,956	8,152,818	15,107,209	8,282,776	7,943,336	8,022,112	8,436,061	11,635,540	9,198,922
Public Health	139,691	146,530	157,065	169,063	171,913	165,311	182,270	186,809	194,357	225,000
Leisure Time Activities	3,509,050	4,855,085	4,656,844	3,103,714	4,456,087	2,803,019	2,852,567	3,256,275	4,412,240	7,723,557
Community Environment	6,248,593	5,565,363	9,413,956	5,833,755	5,357,924	3,301,309	3,373,556	3,444,028	3,326,671	4,247,432
Basic Utility Services	1,277,178	1,599,361	1,195,029	2,544,706	1,937,183	1,697,650	2,362,492	3,264,874	2,480,971	3,482,900
Transportation	6,325,373	5,389,484	4,852,648	6,746,273	8,544,315	10,472,973	3,893,437	5,171,459	10,158,186	6,919,067
Debt Service:										
Principal Retirement	1,935,962	2,471,327	2,398,986	2,357,284	2,629,411	2,945,653	3,580,068	4,016,158	8,515,167	15,269,704
Interest and Fiscal Charges	1,692,436	2,062,148	1,907,169	2,939,932	2,637,382	2,899,735	2,870,941	2,275,495	1,660,868	1,786,954
Issuance Costs	-	-	-	-	-	-	-	153,222	147,271	182,912
Total Expenditures	32,555,741	33,702,410	37,827,433	43,177,792	38,874,627	38,050,492	33,059,639	35,032,596	49,413,188	58,329,768
Excess of Revenues Over (Under) Expenditures	(6,503,528)	(3,626,205)	(6,176,767)	(15,431,861)	(4,241,418)	(2,327,091)	59,154	4,756,560	(5,792,557)	(13,576,800)
Other Financing Sources (Uses):										
Proceeds from Sale of Capital Assets	329,300	343,739	-	-	65,050	28,398	3,359	18,785	1,848	1,500
Issuance of General Obligation Bonds	-	7,975,000	-	15,540,000	-	8,020,000	2,480,000	8,905,000	-	8,745,000
Issuance of Bond Anticipation Notes	1,900,000	-	-	-	5,300,000	-	-	4,285,000	10,785,000	7,275,000
OWDA and OPWC Loans Issued	323,443	-	-	-	49,873	17,689	413,790	-	-	-
Premium on Debt	-	475,595	-	849,054	-	15,982	1,364,417	484,152	435,398	1,260,402
Refunding Bonds Issued	-	-	-	-	-	-	8,605,000	-	5,160,000	-
Payment on Refunded Bonds or Notes	-	(3,970,000)	-	-	-	(5,300,000)	(9,734,141)	(9,243,627)	(5,486,754)	(3,295,918)
Inception of Capital Lease	990,000	-	-	6,417,386	-	392,939	-	-	-	-
Transfers - In	-	-	-	441,137	-	-	-	-	-	2,308,880
Transfers - Out	-	-	-	(441,137)	-	-	-	-	-	(2,308,880)
Total Other Financing Sources (Uses)	3,542,743	4,824,334	-	22,806,440	5,414,923	3,175,008	3,132,425	4,449,310	10,895,492	13,985,984
Net Change in Fund Balances	\$ (2,960,785)	\$ 1,198,129	\$ (6,176,767)	\$ 7,374,579	\$ 1,173,505	\$ 847,917	\$ 3,191,579	\$ 9,205,870	\$ 5,102,935	\$ 409,184
Debt Service as a Percentage of Noncapital Expenditures	15.9%	17.5%	14.9%	17.1%	17.7%	19.6%	21.0%	19.8%	23.9%	35.5%

(cash basis of accounting)

Year

(1) Amounts are reported gross and do not take into account tax refunds. The City levies a municipal income tax of 2.0 percent. This rate has been the same for all ten years presented.

City of Hilliard, Ohio
Income Tax Revenue Fund Distribution (1)
Last Ten Years
(cash basis of accounting)

<u>Year</u>	<u>General Fund</u>	<u>Capital Improvement Municipal Tax Fund</u>	<u>Street Improvement Municipal Tax Fund</u>	<u>Total</u>	<u>Percentage Increase/ (Decrease)</u>
2006	9,176,483	3,318,697	1,786,190	14,281,370	3.46%
2007	9,092,540	3,637,017	1,818,507	14,548,064	1.87%
2008	10,204,465	4,081,786	2,040,893	16,327,144	12.23%
2009	11,496,626	4,083,246	753,112	16,332,984	0.04%
2010	12,165,853	4,014,340	527,842	16,708,035	2.30%
2011	12,184,246	4,341,568	840,456	17,366,270	3.94%
2012	13,395,426	4,633,040	503,694	18,532,160	6.71%
2013	14,040,629	5,057,600	1,200,169	20,298,398	9.53%
2014	15,151,065	5,578,415	1,535,563	22,265,043	9.69%
2015	16,996,835	6,326,264	1,981,958	25,305,057	13.65%

Source: City Income Tax Department

(1) Net of refunds. The City levies a municipal income tax of 2.0 percent. This rate has been the same for all ten years presented.

City of Hilliard, Ohio
Principal Income Taxpayers - Withholding Accounts
 2015 and 2006

Range of Withholding Amount	2015		2006	
	Number of Withholding Accounts	Percentage of Total Withholding Revenue	Number of Withholding Accounts	Percentage of Total Withholding Revenue
\$500,001 and higher	3	23.59%	2	20.11%
\$300,001 - 500,000	2	3.83%	3	9.52%
\$100,001 - 300,000	15	13.66%	8	10.77%
\$55,001 - 100,000	32	12.47%	22	14.12%
Total		53.55%		54.52%
All Others		46.45%		45.48%
Total Withholding Accounts		100.00%		100.00%

Source: City Income Tax Department

City of Hilliard, Ohio
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Years

Tax Year	Real Property (1)					Personal Property (2)			Total		Estimated Actual Value of Taxable Property	Total Direct Tax Rate
	Residential	Agricultural	Commercial	Industrial	Public Utility	Total	Public Utility	General	Total	Valuation	% Growth	
2006	662,229,120	1,064,560	120,462,930	48,742,120	64,150	832,562,880	16,471,610	22,239,765	38,711,375	871,274,255	2.70%	1.60
2007	672,823,870	1,312,410	106,999,610	46,780,960	89,200	828,006,050	9,627,660	13,930,309	23,557,969	851,564,019	-2.26%	1.60
2008	686,405,600	1,428,860	113,450,470	50,466,490	80,650	851,830,070	10,072,070	2,691,967	12,764,037	864,594,107	1.53%	1.60
2009	684,289,450	1,460,720	138,984,940	50,031,110	90,590	874,856,810	10,394,370	1,345,983	11,740,353	886,597,163	2.54%	1.60
2010	685,969,370	1,508,590	126,497,550	51,110,680	90,260	865,176,450	11,735,180	-	11,735,180	876,911,630	-1.09%	1.60
2011	648,863,550	220,850	133,992,270	49,254,890	95,680	832,427,240	12,894,340	-	12,894,340	845,321,580	-3.60%	1.60
2012	650,106,670	202,650	132,537,670	48,868,730	102,050	831,817,770	12,999,270	-	12,999,270	844,817,040	-0.06%	1.60
2013	653,620,850	202,650	125,794,790	48,969,180	108,720	828,696,190	13,663,980	-	13,663,980	842,360,170	-0.29%	1.60
2014	676,482,330	334,970	130,957,970	45,693,090	113,600	853,581,960	13,802,040	-	13,802,040	867,384,000	2.97%	1.60
2015	686,255,690	334,970	143,948,700	45,300,260	109,640	875,949,260	17,439,680	-	17,439,680	893,388,940	3.00%	1.60

Source: Franklin County Auditor

- (1) Assessed valuation for real property is based upon 35 percent of estimated true value set by county appraisal.
(2) Prior to 2006, the assessed valuation for personal property was based on varying percentages of true value (25 percent was used in the assessed values above). House Bill 66 (the State's biennial budget for fiscal years 2006-2007) phased out the tax on the tangible personal property of general businesses, telephone and telecommunications, and railroads. The tax on general business and railroad property (which is public utility property) will be eliminated in 2009, and the tax on telephone and telecommunications property will be eliminated by 2011. The tax is phased out by reducing the assessment rate on the property each year. At the same time, the bill replaces the revenue lost due to phasing out the tax. In the first five years, local governments are reimbursed fully for the lost revenue (based on 2004 values); in the following seven years, the reimbursements are phased out.

City of Hilliard, Ohio
Direct and Overlapping Property Tax Rates
Last Ten Years
(Per \$1,000 of Assessed Valuation)

<u>Tax Year</u>	<u>City of Hilliard General Fund</u>	<u>Hilliard City School District</u>	<u>Franklin County</u>	<u>Metropolitan Library</u>	<u>Norwich Township</u>	<u>Vocational School</u>	<u>Total</u>
2006	1.60	75.89	18.44	2.20	17.50	1.30	116.93
2007	1.60	75.89	18.49	2.20	17.50	1.30	116.98
2008	1.60	82.79	18.02	2.20	17.50	1.30	123.41
2009	1.60	82.85	18.07	2.20	17.50	1.30	123.52
2010	1.60	82.95	18.07	2.80	17.50	1.30	124.22
2011	1.60	89.35	18.07	2.80	17.50	1.60	130.92
2012	1.60	89.45	18.47	2.80	17.50	1.60	131.42
2013	1.60	89.45	18.47	2.80	21.62	1.60	135.54
2014	1.60	89.55	18.47	2.80	21.62	1.60	135.64
2015	1.60	89.55	18.47	2.80	21.62	1.60	135.64

Source: Franklin County Auditor

City of Hilliard, Ohio
Principal Property Tax Payers - Real Property
2015 and 2006

Taxpayer	2015			2006		
	Total Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Total Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Villages at Britton Ltd	\$ 10,498,010	1	1.20%			
MCI International Inc.	9,201,930	2	1.05%			
Hilliard Grand Apartments	8,609,940	3	0.98%			
LSREF3 Bravo Ohio LLC	7,385,000	4	0.84%			
Greenwich Investors	6,877,970	5	0.79%			
One Mill Run LP	6,300,010	6	0.72%			
Hilliard Meadows Apartments	6,067,270	7	0.69%			
Echo Continental	5,796,120	8	0.66%			
National Retail	4,417,020	9	0.50%			
Crystal Lake Apartments	3,162,320	10	0.36%	3,160,620	6	0.38%
Duke Realty Ohio				7,455,000	1	0.90%
United Dominion Realty LP				6,580,000	2	0.79%
Target Corporation				4,375,010	3	0.53%
First Industrial LP				3,990,010	4	0.48%
Talcott III Mill Run LLC				3,850,010	5	0.46%
HD Development				3,115,000	7	0.37%
Cadlerocks Hilliard				2,975,000	8	0.36%
Cincinnati SMSA LP				2,439,040	9	0.29%
Armstrong World				2,240,010	10	0.27%
Total Top 10 Real Property	68,315,590		7.79%	40,179,700		4.83%
All Others	807,633,670		92.21%	792,383,180		95.17%
Total Real Property Assessed Valuation	<u>\$ 875,949,260</u>		<u>100.00%</u>	<u>\$ 832,562,880</u>		<u>100.00%</u>

Source: Franklin County Auditor

City of Hilliard, Ohio
Property Tax Levies and Collections
Last Ten Years

Collection Year	Total Tax Levy (1) (2)	Current Tax Collections (1) (3)	Percent of Current Levy Collected (3)	Delinquent Tax Collections	Total Tax Collections
2006	1,379,069	1,336,249	96.90%	34,813	1,371,062
2007	1,416,496	1,363,825	96.28%	30,971	1,394,796
2008	1,458,263	1,307,442	89.66%	32,214	1,339,656
2009	1,431,361	1,365,022	95.37%	65,393	1,430,415
2010	1,473,382	1,456,360	98.84%	51,583	1,507,943
2011	1,463,918	1,443,836	98.63%	26,067	1,469,903
2012	1,417,184	1,401,052	98.86%	23,016	1,424,068
2013	1,449,224	1,199,654	82.78%	36,053	1,235,707
2014	1,365,550	1,466,149	107.37%	27,364	1,493,513
2015	1,387,814	1,295,817	93.37%	29,743	1,325,560

Source: Franklin County Auditor

- (1) State reimbursement of rollback and homestead exemptions are included
- (2) Amounts listed include penalties and interest
- (3) The County does not identify delinquent collections by the year for which the tax was levied. Additionally, the County implemented internal reporting changes that affected the collection amounts being reported in 2013 and 2014.

City of Hilliard, Ohio
Computation of All Direct and Overlapping Governmental Debt
December 31, 2015

Jurisdiction	Debt Outstanding	Percentage Applicable to the City of Hilliard (1)	Amount Applicable to the City of Hilliard
Direct			
City of Hilliard			
Loans Payable	\$ 3,603,022		\$ 3,603,022
General Obligation Bonds	52,679,797		52,679,797
General Obligation Notes	7,275,000		7,275,000
Capital Leases	5,631,739		5,631,739
Total Direct Debt	69,189,558	100.00%	69,189,558
Overlapping Subdivisions			
Hilliard City School District	116,911,423	36.43%	42,590,831
Dublin City School District	143,147,223	0.07%	100,203
Franklin County	262,080,000	3.35%	8,779,680
Tolles Career & Technical Center	1,390,000	18.49%	257,011
Total Overlapping Debt	523,528,646		51,727,725
Total Direct and Overlapping Debt	\$ 592,718,204		\$ 120,917,283

Source: Franklin County Auditor

(1) Percentages determined by dividing each overlapping subdivision's assessed valuation within the City by the subdivision's total assessed valuation.

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account.

City of Hilliard, Ohio
*Ratio of Net General Obligation Bonded Debt to Estimated
Actual Value and General Obligation Bonded Debt Per Capita
Last Ten Years*

Collection Year	Net Bonded Debt	Estimated Actual Value of Taxable Property (2)	Population (1)	Ratio of Net Bonded Debt to Estimated Actual Value	Net Bonded Debt Per Capita
2006	34,480,429	2,533,596,586	28,557	1.36	1,207
2007	40,915,361	2,459,963,447	28,730	1.66	1,424
2008	38,994,698	2,484,856,348	28,850	1.57	1,352
2009	53,372,658	2,546,552,298	28,927	2.10	1,845
2010	50,786,564	2,518,873,434	28,935	2.02	1,755
2011	55,994,999	2,429,940,903	29,250	2.30	1,914
2012	55,859,717	2,428,619,280	28,524	2.30	1,958
2013	53,129,330	2,422,359,320	28,595	2.19	1,858
2014	49,772,640	2,494,013,760	28,723	2.00	1,733
2015	52,679,797	2,572,470,891	28,952	2.05	1,820

(1) Source: "Population Estimates," published by the Mid Ohio Regional Planning Commission

(2) Source: Franklin County Auditor (shown in thousands)

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements

City of Hilliard, Ohio
Ratios of Outstanding Debt by Type
Governmental Activities
Last Ten Years

Year	Notes Payable	Loans Payable	General Obligation Bonds	Special Assessment Bonds	Capital Leases	Total Outstanding Debt	Population(1)	Personal Income(2)	Debt Per Capita	Percentage of Personal Income
2006	3,970,000	2,216,777	34,480,429	135,000	1,263,305	42,065,511	28,557	1,037,619	1,473	4.05
2007	2,300,000	2,216,777	40,915,361	70,000	811,978	46,314,116	28,730	1,082,087	1,612	4.28
2008	11,390,000	2,216,777	38,994,698	-	342,992	52,944,467	28,850	1,100,022	1,835	4.81
2009	-	2,216,777	53,372,658	-	6,313,094	61,902,529	28,927	1,106,226	2,140	5.60
2010	5,300,000	2,216,777	50,786,564	-	6,168,683	64,472,024	28,935	1,112,464	2,228	5.80
2011	-	2,127,163	55,994,999	-	6,448,272	64,570,434	29,250	1,175,499	2,208	5.49
2012	-	4,569,580	55,859,717	-	6,256,210	66,685,507	28,524	1,218,773	2,338	5.47
2013	4,285,000	4,308,312	53,129,330	-	6,056,320	67,778,962	28,595	1,254,377	2,370	5.40
2014	10,785,000	3,986,189	49,772,640	-	5,848,276	70,392,105	28,723	1,289,720	2,451	5.46
2015	7,275,000	3,603,022	52,679,797	-	5,631,739	69,189,558	28,952	N/A	2,390	N/A

(1) "Population Estimates," published by the Mid-Ohio Regional Planning Commission

(2) Computation of per capita personal income multiplied by population (in thousands)

N/A - Information not available

City of Hilliard, Ohio
Legal Debt Margin Information
Last Ten Years

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Total Assessed Valuation	\$ 893,388,940	\$ 867,384,000	\$ 842,360,170	\$ 844,817,040	\$ 845,321,580	\$ 876,911,630	\$ 886,597,163	\$ 864,594,107	\$ 851,564,019	\$ 871,274,255
Overall debt limitation - 10.5% of assessed valuation	93,805,839	91,075,320	88,447,818	88,705,789	88,758,766	92,075,721	93,092,702	90,782,381	89,414,222	91,483,797
Total Indebtedness as of 12/31	56,410,000	57,835,000	50,370,000	53,130,000	54,320,000	54,325,000	51,510,000	49,270,000	42,110,000	37,825,000
Less Exempt Debt:										
Self Supporting	-	-	-	-	-	-	-	-	70,000	135,000
Special Assessment	-	-	-	-	-	-	-	-	-	-
1999 Cemetery Road Refunding-Voted	-	-	-	-	-	-	-	-	-	-
1982 Water	-	-	-	-	-	-	-	-	20,000	45,000
1999A Various Purpose-Water portion(28%)	-	-	-	-	-	-	-	51,800	100,800	148,400
2002 Various Purpose-Water portion(39%)	-	-	-	-	62,400	120,900	177,450	232,050	284,700	335,400
2005 Various Purpose-Water portion(39%)	1,123,200	1,567,800	1,994,850	5,569,200	5,904,600	6,228,300	6,542,250	6,862,050	7,174,050	7,478,250
Total Self Supporting	1,123,200	1,567,800	1,994,850	5,569,200	5,967,000	6,349,200	6,719,700	7,145,900	7,649,550	8,142,050
Income Tax Supported										
1992 Various Purpose	-	-	-	-	-	-	-	-	-	215,000
1999 Various Purpose(72%)	-	-	-	-	-	-	-	133,200	259,200	381,600
2002 Various Purpose(61%)	-	-	-	-	97,600	189,100	277,550	362,950	445,300	524,600
2003 Various Purpose	-	-	-	245,000	3,655,000	3,880,000	4,100,000	4,310,000	4,510,000	4,710,000
2009 Various Purpose	8,220,000	11,645,000	12,470,000	13,270,000	14,055,000	14,810,000	15,540,000	-	-	-
2011 Various Purpose	6,135,000	6,585,000	7,020,000	7,445,000	7,865,000	-	-	-	-	-
2012 Various Purpose	9,310,000	10,135,000	10,920,000	7,445,000	-	-	-	-	-	-
2013 Various Purpose	4,465,000	8,585,000	8,705,000	-	-	-	-	-	-	-
2014 Various Purpose	4,990,000	5,040,000	-	-	-	-	-	-	-	-
Notes	7,275,000	10,785,000	4,285,000	-	-	5,300,000	-	11,390,000	2,300,000	3,970,000
Total Income Tax Supported	52,820,000	52,775,000	43,400,000	28,405,000	25,672,600	24,179,100	19,917,550	16,196,150	7,514,500	9,801,200
Amount available in the debt service fund	-	-	-	-	-	-	-	-	-	-
Total Exempt Debt	53,943,200	54,342,800	45,394,850	33,974,200	31,639,600	30,528,300	26,637,250	23,342,050	15,164,050	17,943,250
Net Debt Subject to Limitation	2,466,800	3,492,200	4,975,150	19,155,800	22,680,400	23,796,700	24,872,750	25,927,950	26,945,950	19,881,750
Legal debt margin within 10.5% limitation	\$ 91,339,039	\$ 87,583,120	\$ 83,472,668	\$ 69,549,989	\$ 66,078,366	\$ 68,279,021	\$ 68,219,952	\$ 64,854,431	\$ 62,468,272	\$ 71,602,047
Percentage of Net Debt to Assessed Value	0.28%	0.40%	0.59%	2.27%	2.68%	2.71%	2.81%	3.00%	3.16%	2.28%
Percentage of Legal Debt Limit	10.50%	10.50%	10.50%	10.50%	10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
Percentage of Legal Debt Margin	10.22%	10.10%	9.91%	8.23%	7.82%	7.79%	7.69%	7.50%	7.34%	8.22%
Unvoted debt limitation 5.5% of assessed valuation	\$ 49,136,392	\$ 47,706,120	\$ 46,329,809	\$ 46,464,937	\$ 46,492,687	\$ 48,230,140	\$ 48,762,844	\$ 47,552,676	\$ 46,836,021	\$ 47,920,084
Total Indebtedness as of 12/31	56,410,000	57,835,000	50,370,000	53,130,000	54,320,000	54,325,000	51,510,000	49,270,000	42,110,000	37,825,000
Less Total Exempt Debt	53,943,200	54,342,800	45,394,850	33,974,200	31,639,600	30,528,300	26,637,250	23,342,050	15,164,050	17,943,250
Net Debt Subject to Limitation	2,466,800	3,492,200	4,975,150	19,155,800	22,680,400	23,796,700	24,872,750	25,927,950	26,945,950	19,881,750
Legal debt margin within 5.5% limitation	\$ 46,689,592	\$ 44,213,920	\$ 41,354,659	\$ 27,309,137	\$ 23,812,287	\$ 24,433,440	\$ 23,890,094	\$ 21,624,726	\$ 19,890,071	\$ 28,038,334
Percentage of Net Debt to Assessed Value	0.28%	0.40%	0.59%	2.27%	2.68%	2.71%	2.81%	3.00%	3.16%	2.28%
Percentage of Legal Debt Limit	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
Percentage of Legal Debt Margin	5.22%	5.10%	4.91%	3.23%	2.82%	2.79%	2.69%	2.50%	2.34%	3.22%

Ohio Bond Law sets a limit of 10.5% for voted debt and 5.5% for unvoted debt.

City of Hilliard, Ohio
Demographic and Economic Statistics
Last Ten Years

Year	Population (1)	Total Personal Income (2)	Per Capita Income (5)	School Enrollment (6)	Unemployment Rate (3)	Total Assessed Property Value (4)
2004	26,844	\$ 916,132	\$ 34,128	14,529	5.4%	\$ 758,561,614
2005	28,158	991,894	35,226	14,760	5.2%	848,338,124
2006	28,557	1,037,619	36,335	14,949	4.5%	871,274,255
2007	28,730	1,082,087	37,664	15,173	4.7%	851,564,019
2008	28,850	1,100,022	38,129	15,136	6.1%	864,594,107
2009	28,927	1,106,226	38,242	15,523	8.8%	886,597,163
2010	28,935	1,112,464	38,447	15,634	7.6%	876,911,630
2011	29,250	1,175,499	40,188	15,689	6.3%	845,321,580
2012	28,524	1,218,773	42,728	15,726	5.4%	844,817,040
2013	28,595	1,254,377	43,867	15,758	5.2%	842,360,170
2014	28,723	1,289,720	44,902	15,864	3.7%	867,384,000
2015	28,952	N/A	N/A	16,045	3.4%	893,388,940

Source: (1) "Population Estimates," published by the Mid Ohio Regional Planning Commission
(2) Computation of per capita personal income multiplied by population(in thousands)
(3) Ohio Labor Market Information
(4) Franklin County Auditor
(5) U.S. Department of Commerce, Bureau of Economic Analysis, Columbus MSA
(6) Hilliard City School District

City of Hilliard, Ohio
Principal Employers
2015 and 2006

Employer	2015			2006		
	Number of Employees	Rank	Percentage of Total Employment	Number of Employees	Rank	Percentage of Total Employment
Cellco Partnership dba Verizon	1,716	1	6.92%			
Hilliard City Schools	1,458	2	5.88%	2,289	1	13.31%
BMW Financial Services	582	3	2.35%	572	2	3.33%
Verizon Business Network Services	510	4	2.06%	553	3	3.22%
Echosphere LLC	504	5	2.03%			
Sedgwick Claims Mgmt Inc.	375	6	1.51%			
Micro Center Inc.	324	7	1.31%	284	4	1.65%
R. E. Rich Family Holding Corp.	247	8	1.00%			
City of Hilliard	135	9	0.54%			
Advanced Drainage Systems	113	10	0.46%			
Novus/Discover Card Services, Inc.				272	5	1.58%
Redemtech, Inc.				212	6	1.23%
Baesman Printing Corp				195	7	1.13%
Rich Products Mfg. Corp.				189	8	1.10%
Fedex Freight East, Inc.				149	9	0.87%
Guardian Enterprises Group, Inc.				142	10	0.83%
Total Employees	5,964		24.06%	4,857		28.25%
All Other Employers	18,849		75.94%	12,339		71.75%
Total Employment within the City	24,813		100.00%	17,196		100.00%

Source: City Income Tax Department

City of Hilliard, Ohio
City Government Employees by Function/Program
Last Ten Years

Function/Program	2006		2007		2008		2009		2010		2011		2012		2013		2014		2015	
	Full-Time	All	Full-Time	All	Full-Time	All	Full-Time	All	Full-Time	All	Full-Time	All	Full-Time	All	Full-Time	All	Full-Time	All	Full-Time	All
General Government	47	47	48	48	49	49	47	47	45	45	47	47	45	45	44	44	44	44	43	35
Security of Persons and Property	49	49	50	50	49	50	49	49	48	48	48	48	47	47	40	40	40	40	51	50
Leisure Time Activities	23	35	23	35	23	35	21	32	19	29	18	28	18	28	18	28	18	28	19	28
Basic Utility Services	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Transportation	21	21	21	21	21	21	21	21	21	21	21	21	21	21	20	20	20	20	21	21
Total Number of Employees	141	153	143	155	143	156	139	150	134	144	135	145	132	142	123	133	123	133	135	135

Source: City Payroll Records

Note: Total number of employees does not include seasonal employees.

City of Hilliard, Ohio
Capital Assets Statistics by Function/Program
Last Ten Years

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government										
Government Center	1	1	1	1	1	1	1	1	1	1
Security of Persons and Property:										
Number of Police Stations	1	1	1	1	1	1	1	1	1	1
Number of Fire/EMS Stations (1)	3	3	3	3	3	3	3	3	3	3
Leisure Time Activities:										
Number of Parks	21	21	21	21	22	23	23	24	24	25
Park Area (acres)	285.0	285.0	285.0	285.0	285.5	316	316	324	324	531
Number of Playgrounds	11	11	11	11	11	11	10	10	10	10
Number of Swimming Pools	2	2	2	2	2	2	2	2	2	2
Number of Community Centers	1	1	1	1	1	1	1	1	1	1
Number of Senior Centers	1	1	1	1	1	1	1	1	1	1
Basic Utility Services:										
Miles of Water Mains	127	128	128	129.3	130.1	131.9	131.9	132.4	133.5	135.1
Miles of Sanitary Sewers	135	140	140	142	142.7	144.7	145.3	146	147.5	150.7
Miles of Storm Sewers	107	118	118	122.4	123.4	126.7	126.8	127.56	128.56	130.46
Transportation										
Miles of Streets	103	107	107	110.3	111.4	112.9	112.9	114	115	117.1
Number of Street Lights	1,458	1,536	1,536	1,705	1,739	1,805	1,805	1,897	1,917	1,940
Number of Traffic Signal Systems	31	32	34	33	34	36	36	36	36	36

(1) Fire Protection provided by Norwich Township

Source: City capital asset records

City of Hilliard, Ohio
Operating Indicators by Function/Program
Last Ten Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government:										
Active Income Tax Accounts										
Individual	10,343	11,841	14,765	15,536	16,654	16,901	18,397	17,734	17,788	16,923
Business	2,539	2,766	2,829	1,389	1,425	3,007	1,664	3,650	1,866	1,887
Withholding	3,243	2,883	3,050	1,662	1,708	4,427	2,546	5,339	2,842	3,057
Clerk of Courts:										
Traffic Court Cases	2,177	2,085	3,114	2,018	1,879	2,440	2,153	2,962	2,472	2,816
Security of Persons and Property:										
Police Calls	55,017	55,204	54,606	47,473	46,017	46,048	47,798	51,864	50,934	48,064
Physical Arrests	1,782	1,938	1,901	932	874	1,017	1,570	1,662	1,051	1,062
Citations	3,579	3,660	4,649	3,446	3,005	3,779	3,352	4,076	4,118	3,778
Parking Violations	91	108	51	20	65	44	38	207	374	66
Leisure Time Activities:										
Swimming Pool Revenue	328,198	423,731	512,572	548,545	611,778	656,037	724,922	709,491	608,941	561,749
Community Center Revenue	230,356	227,528	206,194	209,620	233,181	236,675	244,395	263,564	274,665	305,013
Senior Center Revenue	88,115	81,938	93,851	92,555	86,919	69,882	81,937	91,734	80,191	77,149

Source: Department annual reports

¹ The Regional Income Tax Agency (RITA) changed how they reported the number of active income tax accounts for the business and withholding categories in 2011. The City joined RITA in July 2007. In 2009 and 2010 RITA counted businesses that were located in various cities in the city that had the largest amount of withholding and/or the highest amount of tax paid by the business. In 2011, every city that received a return from a business is included in the appropriate category.

